

WORLD NEWS

High Court rejects poll tax appeal

The High Court rejected an appeal by 19 local authorities for judicial review of the decision by Mr Chris Patten, the Environment Secretary, to "cut" their budgets.

The decision was welcomed by Mr Patten, who will cite the judgment in his efforts to convince the Prime Minister that new legislation to curb local authority spending will not be necessary.

Page 24

Ernest Saunders **RJ**
The Guiness trial at Southwark Crown Court in London was halted because Ernest Saunders, the company's former chairman and chief executive, was suffering from a viral throat infection. Mr Justice Henry said he hoped the trial would continue on Monday.

Page 6

£25m help for film makers
The Government is to provide around £25m over three years to help British film makers enter European co-production as part of a plan to attract more private investment in the UK film industry.

Page 24

US to help Kremlin
US President George Bush is lending John Summu, the White House chief of staff, to Soviet leader Mikhail Gorbachev to advise him on how to organise his office.

Page 2

Moderate Russian PM
Ivan Silayev, a moderate reformer, became Prime Minister of Russia after defeating President Boris Yeltsin's candidate Mikhail Bocharov.

Page 2

Property returns agreed
The East Berlin Government has agreed with Bonn to return property and land in East Germany to dispossessed owners.

Page 2

Sunday trading fine
Texas Homecare was fined £2,000 with £2,000 costs by magistrates in Cumbria after being found guilty on nine charges of illegal Sunday trading at its Carlisle store.

Canadian crisis
A fourth Canadian parliamentarian, Pat Nowlan from Nova Scotia, has resigned from the ruling Conservative Party caucus over his concern that Ottawa was applying pressure to obtain passage of the Meech Lake accord, which recognises Quebec as a distinct society.

W Germans foil attacks
A number of IRA attacks in West Germany have been foiled. EC security ministers were told at the Trevi security summit in Dublin.

Transfusion to go ahead
Cypriot doctors are to give a dying child a blood transfusion after a court overruled her parents' religious objections.

Health Minister Panikos Papageorgiou said the blood transfusion would go ahead in an attempt to save the life of a year-old Stephanie Charalambous.

Architects back Prince
Architects and property developers backed a call by the Prince of Wales for the creation of "urban villages" by agreeing to adopt the principles laid down in the Prince's book *A Vision of Britain*.

Buses for football fans
Football fans will be bussed back to their hotels and campsites after today's World Cup match between England and Holland.

Actor dies
Actor Leonard Sachs, host of BBC TV's show *The Good Old Days*, died aged 82.

Too much English
French President Francois Mitterrand has warned the European Community against the exclusive use of English in some parts of the organisation.

MARKETS

STERLING

New York purchases: \$1,715

London: \$1,700 (\$1,700S)

DM: 68.60

Fr: 7.175 (0.7225)

SF: 2.45 (2.4475)

Yen: 80.5 (80.5 same)

GOLD

New York: Comex Aug:

London: \$347.5 (345.75)

NMEX GM (Argus)

Brent 15-day: \$18.325 (18.225)

Cash price changes yesterday: Page 24

BUSINESS SUMMARY

Visa loses action over dual pricing

Visa International, plastic card payment system, lost a High Court action aimed at blocking UK Government moves to allow retailers to charge higher prices to customers paying by credit card.

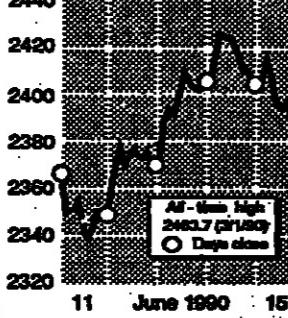
The decision clears the way for the Department of Trade and Industry to proceed to issue the orders allowing dual pricing. This means that cash customers will probably be charged less than credit card customers in some shops by the autumn. Page 24

DONALD TRUMP, the embattled New York financier, missed about \$20m (£12m) in recent payments on his publicly traded debt amid signs that he faces deepening financial problems. Page 24

FT-SE 100 SHARE INDEX: The index showed a net gain of 25.7 points over the week spurred by a report that the UK Gov-

FT-SE 100 Index

Hourly movements



11 June 1990 15

overnment was planning entry into the exchange rate mechanism of the EMS by September or October. Page 15

SOVIET UNION is estimated to have paid about \$50m (£32m) over the last week to UK companies in moves to make good last payments. Page 24

BRITAIN is making progress in persuading the European Commission to accept that economic and monetary union need not mean that European Community member states surrender control over their national budgets, Mr Peter Lilley, Financial Secretary to the Treasury, told the Commons. Page 6

BRITISH COAL Pension Fund's 2.1bn bid for Globe Investment Trust has been given the go-ahead by the Office of Fair Trading and the Department of Trade and Industry. Page 16; Lex Page 24

SAAB-SCANIA, Swedish automotive and aerospace group, has increased profits after financial items for the first four months of this year by 27 per cent to SKr817m (£79.1m). Turnover rose by 11 per cent to SKr10.1bn against the comparable four months of 1989. Page 12

TOMKINS, UK industrial conglomerate, has reached formal agreement on the \$550m (£325m) acquisition of Phillips Industries, US industrial group. Page 11

SOVIET UNION set 1995 as the target date to make its ruble currency fully convertible on world money markets.

LONRHO, international conglomerate, has embarked on a new legal battle against the Pated brothers in the long-running feud over Harrods, the Knightsbridge store. Page 6

SHANGHAI's reform-oriented mayor Zhu Rong Ji offered to allow foreign banks back into their grand old office buildings on the Bund waterfront as a symbolic example of his dream of rebuilding the city into China's main financial centre.

Page 3

HUNGARY'S first privatisation - of travel agency Ibusz - has been massively over-subscribed. Page 12

JOHN WADDINGTON, maker of the football board game Subbuteo, said demand for players in Cameroon colours had soared since the side beat Argentina and Romania in the World Cup.

Government resumes control of a Bucharest subdued by violence



Air of intimidation: Romanian miners, one armed with a stick, after violent scenes in Bucharest yesterday

Romanian miners end rampage

By Owen Bennett-Jones in Bucharest

Dark days between the wars recalled in Romania — Page 2

a second revolution in the Balkan state.

Some of the miners had earlier broken an agreement to leave, attacked foreign journalists in University Square and attempted to storm the Intercontinental Hotel.

That attack followed complaints from Mr Petre Roman, the Romanian interim Prime Minister, that some journalists had given biased accounts of the anti-government protest and the authorities' response.

A government official said last night all the miners had departed. A train with some 20 carriages packed with miners from the Jiu Valley in western Romania was seen pulling out of a Bucharest station.

Mr Roman claimed that the government had tried, and largely been able, to control the miners.

It is becoming increasingly clear that their violent activities were carefully directed.

They attacked key buildings such as the party HQ of the two main opposition parties and the offices of Romania Libera, the country's most prominent anti-government newspaper, locations they are unlikely to have known. Some opposition members said they recognised members of the feared Securitate secret police dressed up as miners.

Continued on Page 24

The British Foreign Office called in Romania's envoy in London to protest at violent attacks on the opposition.

Charge d'affaires Nicu Bujor was told Britain strongly disapproved of the ransacking of opposition leaders' homes and the violence in which five people have died and more than 100 have been injured this week. Britain had particularly protested at the treatment of National Peasants' Party leader Ion Ratiu, who was severely beaten by 30 miners who ransacked his home in Bucharest on Thursday night, he said.

Mr Roman conceded that there had been some "unpleasant incidents". He hoped the miners' departure would put an end to them.

Continued on Page 24

Jockey to be knighted: Racehorse

British Coal Corporation, becomes a jockey. Mr Bob Reid, who left Shell UK to become the new chairman of British Rail, grant the territory's British passport holders the right to settle in Britain.

Mr Barbara Castle, the former Labour MP and member of the European Parliament, is also created a baroness. As Employment and Productivity Secretary, she steered the Equal Pay Act 1970 through Parliament.

Industry, business, commerce and the City are well represented in the list. Sir Robert Baslam, chairman of

the

British Coal Corporation,

becomes a peer. Mr Bob Reid, who left Shell UK to become the new chairman of British Rail, grant the territory's British passport holders the right to settle in Britain.

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Mr Richard Hadlee, the New Zealand Test cricketer, gets a knighthood and Ms Anita Brookner, the author, is knighted, while a CBE goes to Bernard Levin, the journalist and broadcaster.

Mr Christopher Tugendhat, chairman of the Civil Aviation Authority, Mr Anthony Pilkington, chairman of the eponymous glass company, and Mr John Birkin, chief executive of EITZ, the arts and entertainment industry, also feature among the 268 awards. Ms Anna Saville becomes the first dis-

ciple

of

the

Knights

to be knighted. Racehorse

Amis and novelist

Brookner receive

knighthoods

Edwards, skipper of the self-made crew of the Malden yacht, which recently completed in the Whitbread round-the-world race, gets an MBE.

Details, Page 7

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INTERNATIONAL NEWS

Political row in Bonn follows arrest in East of Red Army Faction suspects

GERMAN POLICE yesterday clinched one of their most spectacular successes in a two-decade anti-terrorist struggle as East German police rounded up seven suspected members of the Red Army Faction (RAF) urban guerrilla group, David Marsh writes from Bonn.

The seizure of the alleged terrorists, wanted in connection with a series of killings, bombings and robberies since the mid-1970s, was the result of newly-agreed co-operation between the East and West German security services.

Action by the East German police, in three separate swoops on Thursday night and yesterday morning, took to nine the number of suspected RAF members arrested in East Germany over the past 10 days.

There was confusion last night over whether those taken into custody included Barbara and Ludwig Meyer. They are alleged to have been involved in the murders of Mr Ernst Zimmermann, the chairman of aero-engine manufacturer MTU, Mr Karl-Heinz Beckurtz, the Siemens board member, and Mr Gerold von Braunmühl, a top Foreign Ministry official.

The East German news agency last night denied earlier reports that the Meyers had been held. Those captured included Werner Lotze, also alleged to belong to the RAF "hard core", and wanted for questioning about the kidnap and assassination in 1977 of employers' federation boss Mr

Hans-Martin Schleyer. Others held were named as Monika Helbing, Ekkehard von Seckendorff-Gudent, Christine Dümler and Sabine Eike Callsen.

Collaboration between the East and West German Interior Ministries, forged as part of the run-up to political unity, has exposed East Germany as a refuge for many RAF members on the run from the Federal Republic. East German police last week arrested Susanne Albrecht, wanted over the killing in 1977 of Mr Jürgen Ponto, chief executive of the Dresden Bank, and another alleged RAF member, Inge Viett, was tracked down on Wednesday.

The closing of the East German bolt-hole has, however, unleashed a political row in

Bonn over the apparent inability of West German intelligence to track down the suspects to the East. In spite of sporadic suspicions that the East German Stasi secret police were offering a safe haven, the general belief in West German security circles was that many RAF terrorists had fled to the Middle East.

Mr Peter-Michael Diestel, the East German Interior Minister, said yesterday that at least some of those arrested yesterday had lived in East Germany under false names for 10 years. They are thought to have been issued with new identities and East German citizenship by the secret service of the former Communist regime.

A total of 22 wanted terror-

ists are however still on the run, according to West German police.

Following the latest raids in the towns of Frankfurt/Oder, Cottbus and Leipzig, the East German Interior Ministry said yesterday that further "cleaning up" of alleged terrorists was expected in the next few days. The West German authorities have applied for the detainees to be extradited as soon as possible to the Federal Republic.

East and West Germany agreed in April to set up a joint anti-terrorist unit. Bonn also sent Mr Heinrich Böge, the former Federal Police Office president, to East Berlin as an adviser to improve police work there.



Red Army Faction suspects Werner Lotze, Monika Helbing and Ekkehard von Seckendorff-Gudent. 22 wanted terrorists are still on the run

Moscow to slash defence spending as deficit soars

By Quentin Peel in Moscow

Mr Yuri Maslyukov, the Soviet first deputy prime minister and head of the state planning apparatus, said yesterday that the government would be making further drastic cuts in defence spending and capital investment to cope with a soaring budget deficit.

He said the measures were intended to maintain the deficit at the planned level of Rts60bn – already 6 per cent of gross domestic product – when latest estimates suggest it could increase by 50 per cent without further spending cuts.

The main factors in the increase are a drop in revenues because of declining economic activity, an extra Rb30bn to be spent on an increase in grain purchasing prices, without any bread price rise, and extra spending on pensions and the after-effects of Chernobyl.

The disarray in government spending has been compounded by the refusal of the Soviet parliament to agree on a

tripling in the bread price from July 1, requested by the government, by adding new social spending, and by cutting the future enterprise tax rate below the level requested by the administration.

However, Mr Maslyukov insisted yesterday that the actions of the Soviet parliament amounted to a rejection of the government's step-by-step economic reform strategy, insisting that all agree on the need to move to a market economy – by decree, from July 1.

It instructed the government to come up with a comprehensive economic programme, including new legislation, by September 1. But Mr Maslyukov insisted that he saw no immediate reason to change the present price policy of controlled price rises without any imminent liberalisation.

Mr Maslyukov said the Kremlin had agreed to restore limited amounts of natural gas to Lithuania, to supply a fertiliser plant. Prime

move to a market system. The government's plan contained very little detail on that subject.

The parliament gave the go-ahead for President Mikhail Gorbachev to introduce a series of major reforms – including a denationalisation programme, promotion of joint-stock companies and small businesses, banking reform and anti-monopoly legislation – by decree, from July 1.

This could augur a split between them on whether for instance the Russian Federation should try to sell off all union factories on its territory, or charge market prices for Russian oil to other Soviet republics.

A key element of the Bocharov-Yeltsin economic programme was to sell off state property in order to finance economic reforms without hurting the ordinary Russian's standard of living.

Despite their obvious will to co-operate, it is not clear what the partnership of the two men will produce in the way of economic reforms. While Mr Yeltsin was elected with a promise to restore Russia's political and economic sovereignty, Mr Silayev said he wanted Russia to be "a factor of integration" of the Soviet Union.

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Moderate elected Russian PM

By Leyla Boultton in Moscow

Mr Ivan Silayev, a moderate former prime minister of Russia yesterday after defeating President Boris Yeltsin's candidate for the job.

The victory of the 60-year-old deputy premier over Mr Mikail Bocharov, a radical entrepreneur, is a blow to Mr Yeltsin's hopes of quickly pushing through his own brand of economic reform – radical change without pain.

Mr Bocharov's programme – switching the Soviet Union's largest constituent republic to a market economy within 500 days – was clearly Mr Yeltsin's promised alternative to the Kremlin's unpopular economic reforms.

Despite the Russian president's enormous popular sup-

port, yesterday's election blow hardly comes as a surprise given Mr Yeltsin's weak position in the Russian parliament.

Mr Silayev, who wants a gradual transition to a market economy, was elected unopposed by the parliament after an inconclusive first round of voting.

In an illustration of his need to compromise, Mr Yeltsin backed Mr Silayev for the second round, saying there were many "positive" aspects to his economic programme. Mr Silayev in turn said he was open-minded and would prove to deputies that he was "not a conservative".

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EC acts to fight terrorists and drug traffickers

By Kieran Cooke in Dublin

JUSTICE and interior ministers from the EC have agreed on measures to combat terrorism, drug trafficking and organised crime in Europe.

The ministers, meeting in Dublin, decided to set up a European Central Drugs Intelligence Unit to co-ordinate information and a special training unit for drug enforcement agents.

There are fears that with the gradual disappearance of internal borders within the EC, drug traffickers and terrorists will be more difficult to catch. Such fears have been heightened in recent months by IRA attacks on the continent.

Mr Wolfgang Schäuble, the West German Interior Minister, said that increased co-operation among police forces, particularly between the West Germans, Dutch and Belgians, had led to a number of IRA attacks in West Germany being prevented in recent weeks. "I am sure and convinced that the leeway for the IRA on the continent is getting smaller," said Mr Schäuble.

Mr David Waddington, the British Home Secretary, said he did not know of recent West German actions against the IRA. But he said it was clear that greater police co-operation was bringing results. Mr Waddington said the IRA continued to be "a major threat" to people throughout Europe.

In a separate development Justice Ministers signed the first community-wide convention to deal with people seeking asylum. Individual member states will now be responsible for examining asylum cases. One effect of this, say the ministers, will be to end the phenomenon of "refugees in orbit" – with no one EC country taking responsibility for an asylum seeker.

But some groups, including Amnesty International, say the Convention will only result in a "Fortress Europe" with refugees finding it increasingly difficult to find a country of asylum within the EC.

German governments agree on property rights

By David Marsh in Bonn

THE Bonn and East German governments yesterday lifted a sensitive barrier to political and economic integration by reaching agreement on returning property and land in East Germany to dispossessed owners.

The breakthrough was announced by Mr Rudolf Seliger, the Bonn Chancellery Minister responsible for unification negotiations. In particular, it means that the 3.6m East Germans (or their heirs) who fled after the foundation of the East German state in 1949 will have a right, in principle, to reclaim assets left behind.

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These governments had many com-

mon features. They had all emerged from centuries of Hapsburg or Turkish domination. They ruled (with the exception of Czechoslovakia) over predominantly large peasant societies.

They were authoritarian, nationalist, riddled with anti-Semitism, and often unwilling to establish genuine independent institutions in which democracy could prosper.

Indeed, it is difficult to find any one government which did not rig elections. More significantly, any attempts by the small but predominantly Jewish middle classes to temper these authoritarian/nationalist governments, failed with the growth of Nazism from fertile nationalist ground.

The destruction of the Jewish communities during the Second World War and the subsequent communist takeover of eastern Europe after 1945, robbed today's new governments of those small but crucial pockets of liberal values.

Thus, the political traditions which once inspired the newly-elected governments of Hungary, Croatia, Slovenia and Czechoslovakia and Poland reflect those of the interwar period. Romania is no exception.

But Romania's turbulent interwar experiences were also conditioned by centuries of misrule under Ottoman domination. That legacy was one of

unremitting corruption in which successive Turkish administrations and the Phanariot Greeks, who helped administer parts of the country, built up a network of patronage, intrigue and nepotism.

Romania's intellectuals who belonged to the Old Kingdom or Regat, the southern part of Romania, did little to resist such corruption. Instead, the sons and daughters of the Romanian aristocracy, many of whom were educated in France, simply adopted "western" and "liberal" life styles once they returned. But they failed to set up corresponding political and social institutions. In short, form became a substitute for content.

Reforms (particularly agrarian) introduced by the Romanians after they gained their independence in the 1860s, were half-baked. The disenfranchised peasantry, for example, was just as exploited by its new Romanian masters as it was by the Turks.

In utter desperation, the peasants rebelled in 1907. That rebellion was ruthlessly crushed, a reminder that the Romanian authorities were prepared then, as now, to use force as a means of solving problems or dealing with opposition.

These same arbitrary methods continued throughout the 1920s. The

well-intentioned Liberal Party, which at first attempted to introduce land reform, resorted to rigged elections, a habit which the Peasant Party continued. Strikes were ruthlessly crushed and the Jews were unashamedly persecuted.

The 1930s were just as volatile. Power shifted from the king, the army and the fascist Iron Guard, who outlawed political parties. Any hopes of planting the seeds of independent political and social institutions free of corruption were crushed by intolerance and mobs, which were frequently pulled out onto the streets by successive governments.

The totalitarian regime of Gheorghe Gheorghiu-Dej, followed by the Ceausescus, ensured the continuity of those unfortunate traditions. But these two communist leaderships went one stage further in making the construction of any post-communist system even more difficult. They destroyed the two ethnic communities which, today, might have helped to build the foundations of a democratic house.

The German and Jewish communities, together with the ethnic Hungarians, constituted the cream of the country's intellectual and economic elites. They were well-educated (in Lutheran or Catholic schools), hard-working, and generally free of the

compromising spirit of the Orthodox Church to which the majority of Romanians belong.

But because of Ceausescu's determination to "Romanise" the population, coupled with his relentless repressive policies, most of the 700,000 ethnic German community chose to emigrate to West Germany. Today, fewer than 170,000 remain.

Members of the Jewish community, which before 1939 totalled 730,000, have mostly emigrated to Israel. The remaining 15,000 are today faced with rising antisemitism.

The only surviving minority group of any size is the 2m-strong ethnic Hungarian community. But the deep distrust by Romanians in the Regat of their fellow Romanian Hungarians in the north (and more "European" Transylvania), suggests that the influence of the Hungarians on the country's future will be minimal.

The erosion of these cultures and potentially moderating influences has had the result that the ruling National Salvation Front and the opposition parties have become the repositories of Romania's weakest and most unsavoury political traditions.

The mobs who this week patrolled the streets of Bucharest plainly indicate that the Front and its supporters are not yet prepared to jettison that nefarious inheritance.

Dark days between the wars recalled in Romania

The path to democracy in Bucharest will be the hardest in eastern Europe, reports Judy Dempsey

By Judy Dempsey in Bucharest

OLIVIA MANNING'S series of novels, The Balkan Trilogy, based in Bucharest during the 1930s, ring as true today as they did then. The novels paint a picture of political corruption and violence, which has disturbing parallels with the situation in the capital of the last few days, when marauding miners beat up protesting opponents of President Ion Iliescu and his ruling National Salvation Front.

Romania's road to democracy will certainly be the most difficult of all the east European countries, which are embarking upon the painful transition from the one-party state to a multi-party system.

None of the emerging democracies in eastern Europe will be perfect, but the Romanian path to democracy may turn out to be more flawed than most.

They will all be defective because what is taking place in eastern Europe is not just the ending of communist rule but the resurrection of the practices of the interwar period – a period plagued by instability.

The devastation caused by the First World War, Soviet attempts to install communist governments, and the economic crisis of the late 1920s, played into the hands of the young, vulnerable democratic governments in eastern Europe.

INTERNATIONAL NEWS

Japanese ready to allow banks into stock market

By Steven Wagstaff in Tokyo

THE Japanese securities industry has conceded defeat in its long-running battle to keep Japanese banks out of securities markets.

Instead, the broking companies will concentrate on trying to make sure the banks' entry into the securities field is as tightly-controlled as possible.

Securities companies have been hinting for some time that they have been moderating their position, following signs that the Japanese Ministry of Finance was preparing to bow to pressure for change from banks and institutional investors.

However, the clearest public indication of the change in attitude came yesterday with the publication of a report compiled by a sub-committee of the Securities and Exchange Council, a government committee body on which the views of securities companies are strongly represented.

The report, "Restructuring Japan's Capital Market: Toward an International Market", proposes reforms to liberalise and internationalise Japan's capital markets and the protect investors.

It said banks could be allowed into the securities field through subsidiaries, which would be separated from the parent company by "fire walls" designed to stop information leaking from the bank to the securities subsidiary and vice versa.

Shanghai mayor offers banks their old premises

By John Elliott in Hong Kong

MR Zhu Rong Ji, the reform-oriented mayor of Shanghai, yesterday offered to allow foreign banks back into their grand old office buildings on the Bund waterfront as a symbolic example of his dream of rebuilding the city into China's financial centre. The offices were vacated in 1949.

But, says the report, they should not be allowed into stockbroking on behalf of clients. This condition recognises the concerns of small and medium-sized broking companies which fear they will be swamped by competition from banks. The report falls short of making firm recommendations, saying that further study was essential, particularly of the safeguards needed to prevent banks abusing their position and damaging the capital markets.

However, in a key passage, the report says liberalisation, internationalisation and securitisation are forcing change. There is "merit", it says, in allowing banks and securities companies to engage in each other's fields in order to promote competition and new product development as well as harmonising Japan's rules with those of other countries.

The authors say that if banks enter into the securities field then securities companies should also be allowed into banking, including foreign exchange, trust banking and lending business.

Officials of the Ministry of Finance said it would take at least two years before the law could be reformed.



The Bund, Shanghai. The former Hongkong and Shanghai Bank, now the City Hall, is on the left. The building of the right, with clock tower, is the former Stock Exchange.

last day of a week-long visit to Hong Kong designed to demonstrate that China's economic reforms are continuing, and to attract investment into Shanghai's new \$16bn special economic and industrial zone of Pudong.

He has however failed to persuade generally sceptical foreign bankers that his ideas can be quickly enforced, partly because of general opposition from the Bank of China. He admitted yesterday that the rate of approvals might be

slowed down because a "headache" had been created by too many banks applying to open up in Pudong.

The profits tax rate in Pudong is expected to be 15 per cent compared with a main rate of 50 per cent elsewhere. Bankers have this week told Mr Zhu that it is illogical to have two tax rates in a major business centre such as Shanghai, and they urged him to have the whole city designated a special low tax-rate banking zone.

At present foreign banks do a lot of their Shanghai business through special economic zones in southern China which have the 15 per cent rate.

Four banks have been allowed to stay in Shanghai since the 1949 communist takeover, handling only export business and foreign currency loans. In addition to the Hongkong Bank, they are the Standard Chartered, the Bank of East Asia, and the Singapore-based Overseas Chinese Bank.

retrenchment will be discussed with union representatives.

Operations at Vaal Reefs No 6 and No 7 shafts will be curtailed together with underground operations at Africander Leases, but this will not necessarily lead to job losses.

According to stockbrokers Ed Hern, Rudolph, Freegold's production costs in the quarter to the end of March were \$344 per ounce, not including capital expenditure. This compares with a closing gold price yesterday of \$347.50.

• Value Added Tax is to be introduced in South Africa from October next year. The government plans to introduce the tax at a rate lower than the present 13 per cent level of General Sales Tax. The tax is aimed at addressing problems highlighted in the 1988 white paper, namely the need to improve equity and efficiency in the tax system, to make exports more competitive, and to broaden the tax base.

All the retrenchments planned are at the Freegold South region. Freegold, the largest gold mine in the world, produced 108 tons of gold in 1989 - 19 per cent of South Africa's production and 7 per cent of the West's - and employs about 100,000 workers. According to Mr Hewitt, the cutback will see production reduced by less than 1 per cent. The details of

Gold price slide forces Anglo-American to axe 7,800 miners' jobs

By Philip Gavith in Johannesburg

SOUTH African mining group Anglo American said yesterday that cutbacks at its gold mines were likely to involve 7,800 job losses over the next nine months. The announcement confirms that a big retrenchment exercise is under way as the industry feels the squeeze of a falling gold price.

Earlier this week two other mining houses announced they would be losing 1,100 workers.

Mr Lionel Hewitt, managing director of the gold and uranium division, said that at the current gold price and operating costs, certain mining areas were incapable of sustaining mining operations at their present levels and steps would be taken over the next nine months to curtail operations. Closure of shafts is not being considered at this stage.

The government intends allowing as few exemptions as possible, offering direct assistance instead to the needy. The draft VAT bill draws heavily on recent experiences in New Zealand and Canada.

Burma's army leaders seek to keep election victor from power

By Robin Pauley, Asia Editor

BURMA'S ruling dictatorship has made clear that even if it eventually hands over power it will strive to exclude from politics Ms Aung San Suu Kyi, the popular leader of the National League for Democracy which won a landslide victory in the recent elections.

The regime accuses Ms Aung San Kyi, the daughter of Burma's leading independence hero, of "foreign" links. She is married to Professor Michael Aris, an English don at Oxford University.

The attempt is unlikely to succeed. Ms Aung San Kyi is undoubtedly the most important and influential politician in Burma. Her party attracted more than 80 per cent of the vote in the elections. Neither her rural and urban supporters nor the students who demonstrated so forcefully and who were suppressed so brutally in 1988 are like to accept her removal from politics.

Although a number of foreign companies have rescued the military dictatorship during the last year by establishing ventures and joint ventures to inject much-needed foreign exchange, governments continue to withhold vital aid. Japan, the country's most important donor, has made plain that there is no question of resuming aid negotiations before a political settlement in accordance with the will of the Burmese people. The Japanese have made a special issue of Ms Aung San Kyi's plight, making clear she must be freed from house arrest and persecuted before Tokyo could regard the situation as acceptable.

Burma's pro-government party, humiliated by the opposition landslide in the elections in which the army's plans for getting the "right" result appear to have gone seriously awry, has protested that the National League for Democracy won by fraud.

The complaint, lodged by the National Unity Party (NUP) with the Election Commission,



Aung San Suu Kyi: under house arrest

has added to growing doubts in Rangoon about whether the military government will accept the results and step down. It has said that it would not hand over power before a new constitution was in place, arguing that this could take up to two years. The opposition says it can be done in days.

Diplomats said it was unclear if the NUP complaint was sanctioned by the army. A text of the complaint, which detailed alleged election fraud in several constituencies by an unspecified "major party", has not been carried in the official media. But diplomats said the statement could only refer to the democracy league since it cornered an estimated 80 per cent of the seats.

Attention now focuses on July 20 when Aung San Suu Kyi's one-year house arrest order expires. The authorities must decide whether to renew it or allow it to expire. The army has stopped visits by her husband and two sons from England and if her detention order is extended a strong reaction on the streets of Rangoon cannot be ruled out. Soldiers have reinforced the armed guard around her Rangoon compounds and added sandbags to guard posts on both sides of the road.

Kenyan bank to sell more stock to public

By Julian Ozanne in Nairobi

KENYA Commercial Bank, the country's largest high street bank, has announced it will sell more shares to the public through a rights issues following a successful partial privatisation two years ago.

Dr Benjamin Kipkorir, executive chairman of KCB, said the bank would restructure its shareholding to increase the public stake from 20 to 30 per cent and decrease government interest from 80 to 70 per cent.

Dr Kipkorir said the move would boost KCB's capital base and support its deposit level of Ksh1.6bn (\$87m) in the face of stiff competition from the other two big commercial banks, Barclays and Standard Chartered.

In 1988 KCB carried out its first public flotation, selling 7.5m shares, or 20 per cent of the total. The issue was oversubscribed more than three times. The price of the shares,



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Brooke promises outline plans for Ulster talks

By Ralph Atkins

MR PETER BROOKE, the Northern Ireland Secretary, yesterday said he hoped to outline plans next month for starting round-table talks on the province's political future - in time for negotiations to start in the autumn.

His comments, after a meeting with MPs from the Social Democratic and Labour Party, underlined the progress Mr Brooke has made towards starting talks between the province's constitutional parties.

Mr Brooke said he hoped to make a statement to the Commons before MPs leave for the summer recess at the end of July. "I think people would get, perhaps, a bit disengaged if we weren't able to do that," he said.

Speculation yesterday centred on Mr Brooke outlining his plans during the Commons debate on the Government's emergency powers in the province, which expire on July 16.

He will be acutely aware of the need for careful timing. Unionists have already embarked on a big programme of marches in celebration of the 300th anniversary of the Battle of the Boyne on July 12.

Mr Brooke said that, if a statement was made before the recess, "I think we would be likely to move into fuller talks in the autumn after people have come back from their holidays." He said he was "astonished" at progress at progress so far.

To date, details of conversations Mr Brooke has had with the SDLP, the Unionists, the Irish Government and others have been kept secret, but all sides have expressed satisfaction at what he has proposed. Mr John Hume, SDLP leader,



Peter Brooke: "astonished" at progress already made

said after his meeting yesterday: "I remain extremely encouraged."

The deal is thought to involve some formula for ensuring that the Irish Government is involved in negotiations in such a way as not to annoy Unionists anxious about Dublin interference in the province's internal affairs.

The Irish Government has said it would have to be involved fully in any discussions about an alternative to the Anglo-Irish Agreement.

Mr Brooke appears to have matched those competing demands with a package covering three sets of relationships between London and Dublin, between north and south Ireland and within Ireland. Neither a timetable or agenda for the talks have yet been detailed.

Squeeze on defence spending is attacked

By David White, Defence Correspondent

THE GOVERNMENT'S recent policy of squeezing defence spending by not adjusting for inflation was attacked yesterday by the cross-party Committee on Defence Committees.

In a report published on the eve of next week's annual defence debate in the Commons, the committee said that nothing could be more foolish than to seek a "peace dividend" just by allowing the defence budget to be worn down.

"Arbitrary cash cuts and deliberate attrition by inflation make prudent management of the defence budget next to impossible," it said in its report on the Government's latest defence White Paper.

That clearly referred to the Ministry of Defence's efforts to save £350m in the current financial year in order to keep spending within the £21.2bn budget. The ministry, which opted not to renegotiate the total with the Treasury in spite of higher inflation than expected, ordered a temporary freeze five weeks ago on new contracts and civilian recruitment while it studied ways of balancing its books.

The committee, chaired by Conservative MP Mr Michael Mates, said it was essential that any changes in expenditure should be planned and orderly.

Yesterday's report gave few pointers on possible changes in UK commitments, currently

Man is sent for trial over Ferranti share sale

By Raymond Hughes, Law Courts Correspondent

MR CHRISTOPHER ROBERTS, a former director of Scrimgeour Vickers Asset Management, a Citicorp subsidiary, has been sent for trial accused of making misleading statements over the sale of a £23m block of shares in Ferranti.

Bow Street magistrates in London yesterday committed Mr Roberts on bail for trial at Southwark Crown Court on two charges under section 47(1) of the Financial Services Act. The section covers the making, either knowingly or recklessly, of misleading, false or deceptive statements to influence investment decisions. The maximum penalty is a seven-year prison sentence or a fine, or both.

The charge says that on July 21 1989 at 24 St Swithin's Lane, London EC4, Mr Roberts stated that Smith New Court Securities would be in competition with two other bidders, one of whom was a rival market maker and one of whom was not in the securities industry.

The charge says that Mr Roberts knew the statement to be misleading, false or deceptive, for the purpose of inducing Smith New Court Securities to enter or offer to enter into an investment agreement to buy shares in Ferranti International Signal.

Mr Roberts is further charged with stating that two other bids had already been made for a quantity of shares in Ferranti International Signal at 75/77p and 81p a share and that Smith New Court Securities plc's offer at 82p was "damn close".

The charge says Mr Roberts knew that statement to be misleading, false or deceptive, and was reckless as to whether it would induce Smith New Court Securities to enter or offer to enter into an investment agreement, namely an agreement to purchase the shares.

Ulster board falls short of target on jobs

By Our Bestest Correspondent

THE INDUSTRIAL Development Board, Northern Ireland's main jobs agency, failed to reach its employment target last year in spite of record performance in attracting investment from outside the province.

Trained adult manpower in the armed services was more than 12,000 below requirements, it said, and the shortfall had almost doubled in the past year. It warned the MoD to be cautious about cutting spending on recruitment advertising.

Difficulties on a similar scale were affecting recruitment and retention of civilian staff. On procurement, the committee welcomed evidence that prices for defence equipment were rising more slowly than prices generally. However, it said the MoD would have to exercise "very tight control of procurement costs" to fulfil its expectations.

It said there might well be a number of expensive calls on the budget to replace older RAF aircraft over the next five years, and that "crucial decisions" had to be taken on the Royal Navy's fleet of nuclear-powered and diesel-electric submarines. It was "a matter of concern" that the submarine fleet might become under-strength in the late 1990s.

The IDB blames the failure to achieve its 6,000 jobs target on companies postponing or cancelling expansion plans because of high interest rates.

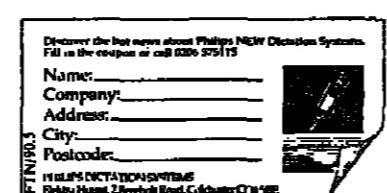
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UK NEWS

Poll tax takes Lambeth to the limits

Jimmy Burns on how administration of the charge is frustrating one London council

council's entitlement to rebate," said Maureen.

According to Mr Ellis, the high proportion of people on low incomes in the borough has left his department with little option but to focus its stretched resources on dealing with applications for rebate, rather than on collection.

The council's difficulties are compounded by politics. Its local authority's Labour leadership has not only openly expressed its public opposition to the poll tax but is also reluctant to enforce collection - a view that earlier this week led to councillors being threatened with surcharge and disqualification by Lambeth's director of finance, Mr Peter Maxted.

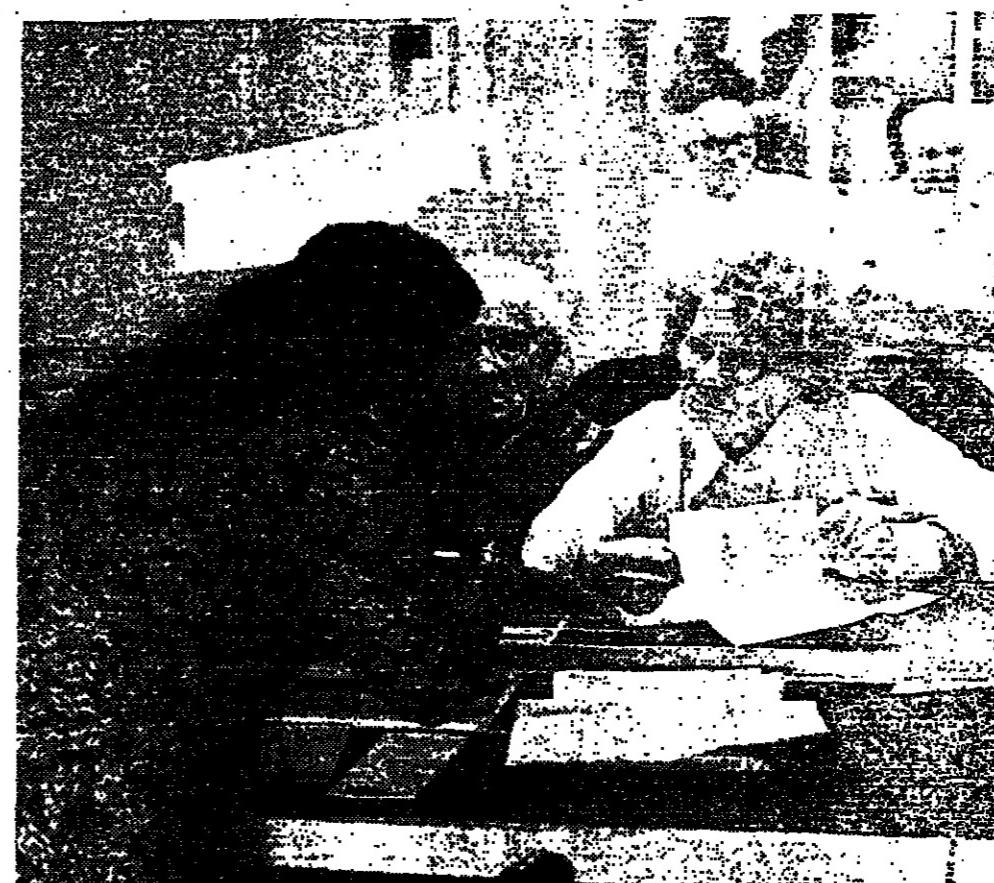
The day after the threat was issued on Wednesday, Lambeth's leader Joao Twelves was unrepentant: "The poll tax is abysmal, unfair and unworkable, and I'm not changing my views on that."

Ms Twelves argues that she is being pragmatic as well as political. "I live on a holding estate and I am extremely conscious of people in Lambeth who just can't afford to pay. Taking them to court isn't going to bring in the money, getting them to apply for rebates will."

Based with a calculation that there will be about 50 per cent of the local population not entitled to rebates, the council's financial advisers have taken a different view.

"The budget agreed was based on a poll-tax collection level at 90 per cent, which is only likely to be achieved if collection is enforced," was the clear message delivered to Ms Twelves by Mr Maxted last week.

At International House, the council's propaganda posters make no mention of collection. Instead the poll tax is caricatured as a dragon - "horrible and cross-eyed" - and the rebate proclaimed as the one poll tax form that saves money.



Liam Van der Aa
Poll tax question and answer at Lambeth: most people who attend the turn up at Lambeth's poll tax centre are "can't pays" or "won't pays."

ping. Lambeth's income division employs a staff of 350 spread across seven floors. The number compares with the 60 employed under the old rates system.

Extra staff - many working overtime - the adaptation and enlargement of the council's computer software and the sheer volume of paperwork involved has meant that costs of tax collection have increased from £4.5m under the rates system to an estimated £8.5m a year.

On the ground floor, council employees are trying to sort through the inflated post bags

round the block. As Maureen, another member of staff explains, the majority of the people who turn up are a mix of "won't pays" and "can't pays."

By contrast, only a trickle of people make their way to the main cash desk, which deals with full payment of the poll tax instalments.

"I had one man in here who, after reading the form I'd given him to fill in, just threw it in my face and walked out. I've just had to send another person home because he couldn't provide me with the necessary information with which to cal-

King's Cross development now in doubt

By Richard Tomkins, Transport Correspondent

THE FATE of London's 25bn King's Cross redevelopment hangs in the balance this weekend after the Government's decision on Thursday to throw out proposals for a high-speed rail link with the Channel tunnel.

MPs examining the King's Cross Railways Bill in a Commons committee will meet on Monday afternoon to discuss whether it should be allowed to proceed to a second reading. The bill would allow the f��n development of a new low-level station at King's Cross, including a terminal for cross-Channel trains.

If MPs decide the rejection of

the high-speed link means the new station is not needed, the bill could be thrown out and British Rail's plans postponed indefinitely. That would delay King's Cross work, waiting to hear whether BR wished to reconsider their plans, but BR played down speculation that they might emerge as front runners.

It said: "We believe they are no more viable than the scheme just rejected and that they are less appropriate from a business point of view."

• The North of England Regional Consortium yesterday claimed that rail services

Car and truck production figures continue falling

By Kevin Done, Motor Industry Correspondent

UK CAR production in May was 8.2 per cent lower than a year ago, according to provisional figures from the Central Statistical Office. The total was 104,497.

For the first five months, car output was 9.7 per cent lower, at 533,882.

Commercial vehicle output dropped by 18.6 per cent in the first five months to 122,096 from 149,516 in the corresponding period a year ago, but in May alone production was only

3 per cent lower at 27,809.

The UK motor industry depends extensively on the domestic market, and output has been severely affected by the fall in demand in UK new vehicle markets in the face of high interest rates and the general economic slowdown.

In addition, some Ford assembly plants, chiefly Halewood, Merseyside, and Southampton, were closed by industrial action for several weeks in the first quarter.

Woolwich to set up Milan mortgage loan company

By David Barchard

WOOLWICH THE third-largest UK building society, with assets of £15bn, is to follow Abbey National into the Italian market by opening a mortgage company in Milan.

Woolwich has had a holding company offshoot for Continental operations since 1986, but it has only recently been activated. Abbey National was the first building society to open subsidiaries on the Continent, but it has since become a bank. Woolwich will be the only UK building society on the European mainland.

Quest for better index of inflation

Rachel Johnson looks at proposals for a revised measure of inflation

THE LATEST jump in Britain's retail prices index has intensified the search in the Treasury and among City economists for a new measure of inflation.

Yesterday's 9.7 per cent annual rise in the RPI for May was the highest for more than eight years and seriously at odds with the terms set by the Government for bringing sterling into the exchange-rate mechanism of the European Monetary System.

As headline inflation has crept closer to the 10.1 per cent inherited by the Government in 1979, the quest for a new measure has focused on finding a true underlying inflation rate that would exclude distortions.

The best-known of those distortions are mortgage interest payments and the community charge.

The Treasury has advocated a separate measure of inflation that excludes those two factors.

That approach has the advantage of being similar to the way the UK's European Community partners measure their inflation.

One hope has been that it might show the UK's inflation rate converging with the EC average.

After stripping out mortgage interest payments and commun-

ity charge effects, UK inflation quickened to 7.9 per cent last month from 6.5 per cent in April.

If Mr John Major, the Chancellor of the Exchequer, decides to redefine the retail prices index, he will find sympathy among economists, particularly at James Capel, the stockbrokers, and at the independent Institute for Fiscal Studies.

They argue that the RPI seldom measures underlying inflation accurately, because it can overstate the actual inflation rate as a result of its treatment of housing costs.

Wage settlements then become indexed to an inflated RPI - which causes a wage-price spiral threatening to leave the UK with "structural" inflation.

Both the IFS and James Capel have designed their own indices, which they claim give more honest measurements of inflation.

It suggests that core inflation has been on a rising trend for more than two years.

Meanwhile, the cost pressures already in the system will push core inflation higher even when the headline rate begins to fall.

Strict interpretation of Mr Major's inflation conditions for ERM entry implies holding off until early 1991, James Capel concludes.



most important of the Madrid conditions for making sterling a full EMS member.

Last month the Treasury produced the accompanying graph of the "underlying underlying" rate to illustrate the point that UK inflation appeared nearer to the European average, which it put close to 5 per cent.

Yesterday, the Treasury produced no such graph to support its point. Even the underlying inflation figures show the UK's rate diverging from, rather than converging with, the EC average.

One hope has been that it might show the UK's inflation rate converging with the EC average.

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Builders will face recession until 1992, Nedo says

By Andrew Taylor, Construction Correspondent

THE RECESSION in the British construction industry is likely to last longer than previously expected, according to a forecast published yesterday by the National Economic Development Office. It expects recovery to be delayed until 1992.

Nedo, which publishes national construction forecasts every six months, said the outlook had worsened since the end of last year. Having previously forecast a small recovery in 1991, it now expects the recession to last well into next year. It forecasts that total UK construction output will fall by 3.5 per cent this year and by 1.8 per cent next year, and that recovery will be delayed until 1992, with only a 1 per cent rise in output.

The largest falls are expected in the private residential and commercial property markets, which have suffered because of rises in interest rates. Starts made on new homes by private builders, which last year fell from 216,000 to 168,000, are expected to fall to 135,000 this year, placing an even greater strain on house builders and building material suppliers.

Precious housing starts are expected to recover to 150,000 next year and 160,000 in 1992.

Nedo said the worst effects of the downturn in the commercial property market would not be felt until next year.

Numerous developments started before the market fell had still to be completed.

Commercial output would therefore decline by only 2 per cent this year but by 1.8 per cent next year and a further 5 per cent in 1992.

The privatisation of the water and power industries, which were poised to embark on investment programmes, would affect some of the predicted sharp downturn in factories and warehouses, construction, it said.

Civil engineering, funded mainly by public-sector spending, was one of the few areas expected to show consistent growth. Public non-housing output was expected to grow by 3 per cent, 2 per cent and 1 per cent over the next three years.

Three brickworks to close

By Andrew Taylor

REDLAND, one of Britain's biggest building materials manufacturers, is to close three brickworks in southern England with the loss of about 200 jobs. The move follows redundancies and kiln closures at other brick manufacturers.

About 60 per cent of bricks are used in house building, and the brick industry is suffering as a result of a large fall in house sales. Stocks of unsold

bricks held by manufacturers in March rose to more than 1bn - the highest level since February 1982.

The Redland plant closures - at Nutbourne, West Sussex; Otterham, Cornwall; and Pluckley, Kent - will lead to a cut of about a third in the company's brick production.

Prices of standard housing bricks have fallen by about a quarter in the past 12 months.

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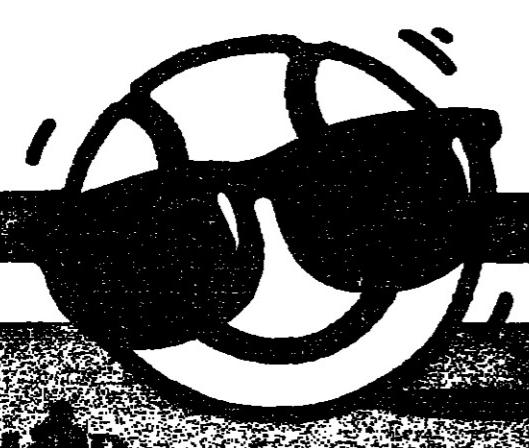
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Lonrho can challenge Ridley over Fayeds

By Raymond Hughes,
Law Courts Correspondent

MR "Tiny" Rowland, head of Lonrho, the international conglomerate, has embarked on a new legal battle against the Fayeds brothers in the long-running feud over Harrods, the Knightsbridge store.

Lonrho is to challenge in the High Court the Government's decision not to seek the disqualification of the Fayeds as company directors after publication of the report by Department of Trade and Industry Inspectors into House of Fraser Holdings.

A High Court judge has given Lonrho leave to seek a judicial review of the decision of Mr Nicholas Ridley, the Secretary of State for Trade and Industry, not to apply for a disqualification order in respect of the Fayeds under Section 8 of the 1986 Company Directors Disqualification Act.

Mr Paul Spicer, a Lonrho director, said yesterday: "This is another important step in the direction of trying to put right what seems to many people in this country, and particularly ourselves, as the injured party, what seems to have been a very bad stance by the Government." Lonrho contends that Mr Ridley's decision was wrong and that he had no sufficient reason for reaching it.

The decision was announced in March 1988 when the DTI's report on the affairs of House of Fraser Holdings was published.

The Redland plant closures - at Nutbourne, West Sussex; Otterham, Cornwall; and Pluckley, Kent - will lead to a cut of about a third in the company's brick production.

Prices of standard housing

bricks have fallen by about a quarter in the past 12 months.

Views on ERM gain ground, MPs told

By Ivor Owen, Parliamentary Correspondent

BRITAIN is making progress in persuading the European Commission to accept that economic and monetary union need not mean that European Community member states surrender control over their national budgets, Mr Peter Lilley, the Financial Secretary to the Treasury, told the Commons yesterday.

Speaking in a debate on economic and political developments in the EC, he said: "The argument is swinging in our direction." Mr Lilley also insisted that the inclusion of sterling in the exchange-rate mechanism of the European Monetary System would not automatically lead to acceptance of a single currency.

He did not respond to Labour demands for confirmation that the Government was about to drop its proposal that the EC should adopt a system of competing currencies, with all 12 member states retaining



Peter Lilley: "Argument swinging in our direction"

their traditional notes and coins.

Mr Chris Smith, a Labour frontbench Treasury spokesman, urged the Government to open discussions "immedi-

ately" on sterling's inclusion in the exchange-rate mechanism.

Under pressure from Mr Peter Shore, a former Labour Cabinet minister, he made clear that Labour would want to know "the exact nature of the animal" before agreeing to a common currency and a common monetary policy.

Mr Lilley contended that, given the preconditions laid down by Labour, it would be the next century before a Labour Government would be able to join the mechanism.

Mr Smith reaffirmed Labour's determination to secure entry at an appropriate level for sterling, coupled with assurances about the "swap" arrangements to be operated by central banks for protection against speculation and about regional policy. He said Mr Lilley was "out of step" with current thinking in the EC.

The minister maintained that Labour's commitment to

increased public expenditure and higher taxes together with the likelihood of increased borrowing and a premature reduction of interest rates meant it would be unable to meet the disciplines imposed by the exchange-rate mechanism.

He repeated that sterling would enter the exchange-rate mechanism when the conditions laid down by Mrs Margaret Thatcher, the Prime Minister, following last year's EC summit in Madrid, had been met. "We have stood by those conditions and we have not wavered."

Mr Smith feared that government "dithering" over sterling's inclusion in the exchange-rate mechanism would leave Britain on the sidelines as a deal for a "two-track" EC was concluded.

Then, he said, Britain would be in the second rather than the first league on economic development and growth.

NEWS IN BRIEF

Saunders is ill, says trial judge

THERE was no sitting in the Guinness trial yesterday because Mr Ernest Saunders had trouble with his voice, writes Raymond Hughes, Law Courts Correspondent. The former Guinness chairman and chief executive has been giving evidence at Southwark Crown Court for seven days.

Yesterday Mr Justice Henry, the judge, told the jury that Mr Saunders was "not in great shape" and that arrangements were being made for him to be examined at Guy's Hospital.

"We hope he will be in a position to continue on Monday," the judge said. "Clearly in his time in the witness box he has to be in a state of health to give a proper account of himself."

Later Mr Saunders' son James said his father had been diagnosed as having a viral infection of the throat.

Judgment reserved

THE Restrictive Practices Court in London has reserved judgment on an action by Sir Gordon Bonner, Director General of Fair Trading, against four ready-mixed concrete companies over price fixing and market-sharing agreements. No date was fixed for the judgment.

Hartigan Readymix, Pioneer Concrete (UK) and Ready Mixed Concrete (Thames Valley) have admitted putting themselves in contempt of a court order stopping them from entering into the agreements.

Smiths Concrete, its former area manager, Mr Peter Hayter, and RMC's then area manager, Mr Anthony Hulett, deny doing contempt. The agreements relate to part of Oxfordshire in 1983 and 1984.

Cat disease

A THIRD case of a cat with a brain condition similar to "mad cow" disease was confirmed yesterday by Dr David MacLean, a junior Agriculture Minister. He said the ministry had examined 13 brain tissue samples from cats suspected of having a spongiform encephalopathy, the brain cell formation that produces nervous conditions in cattle and sheep. Three were confirmed.

Ridley is in step with Cabinet, Leader of Lords says

By Alan Pike, Social Affairs Correspondent

LORD BELSTRADE, the Leader of the Lords, was yesterday forced to intervene during questions in the House, writes Ivor Owen.

He intervened to support assurances that Mr Nicholas Ridley, the Trade and Industry Secretary, was not out of step with his colleagues in the Cabinet over Britain's approach to economic and monetary union

in the European Community.

Trefgarne, Minister for Trade, replied: "The process by which Mr Ridley arrives at his own personal views are a matter for him."

Two former Labour Cabinet ministers, Lord Mulley and Lord Emlyn, insisted that the House was entitled to know how an expression of personal views by a Cabinet minister accorded with the doctrine of

collective responsibility.

Lord Trefgarne replied that when ministers spoke personally it did not detract from effective collective responsibility.

Asked if, as a member of the Cabinet, he supported Lord Trefgarne's views on collective responsibility, Lord Belstead answered: "Yes. I most certainly do."

Church official defends investment policy

By Alan Pike, Social Affairs Correspondent

PROPOSED LEGAL action by commissioners' annual report in London said they were satisfied that their ethical investment policy did not conflict with their primary financial responsibilities to obtain the best possible return on investments.

However, the outcome of a legal action was never certain and might lead to the policy being called into question.

The Archibishop of Canterbury, Dr Robert Runcie, who is chairman of the Church Commissioners, has written to the Bishop of Oxford warning him in similar terms of the potential dangers of going ahead with the legal action.

Sir Douglas said it "could not be right for one church body to take another to court."

He said the commissioners

were willing to meet the bishop and explore the issue.

The financial support for the bishop illustrates considerable concern within the Church of England over the ethical-investment question. Later this month the Oxford diocese will consider transferring its £2m investments from the church's Central Board of Finance to the Amity Fund of the Ecclesiastical Insurance Group, which has a strong ethical policy, because of concern about South African investments.

The Church Commissioners

said in their report yesterday that they continued to take proper account of social, ethical and environmental issues.

"Our practice is to follow up

with senior management any

major criticisms of a particular company's activities through confidential correspondence and, where appropriate, direct discussions."

The ultimate sanction was disinvestment, "but the paradox of doing so is that we then lose any opportunity to use our influence for good."

Capital value of the commissioners' assets rose 17 per cent to £3.081bn last year, with investment income increasing 14 per cent to £140m. From

last month the commissioners meet about 40 per cent of clergy stipends in addition to housing costs, pensions and other facilities.

Overall the commissioners' expenses between a third and half of all the Church of England's expenses.

EMPLOYMENT

Opening shots in the war of work

John Gapper and Lucy Kellaway on the EC's plans for part-timers

THE SHADOW boxing between the British Government and the European Commission over the Social Charter of workers' rights has ended. Battle was joined properly this week when the Commission gave the first details of what the charter will actually mean.

It chose an appropriate subject to have a fight with Britain. The rapid growth of part-time and temporary work over the past decade has accounted for most of Britain's large rise in jobs compared to other EC states. About 23 per cent of British employees now work part-time.

By drafting directives which would entitle employees working more than eight hours a week to benefits such as pension and sick pay, and rights to the same working conditions as full-timers, the Commission struck at the heart of its differences with the Government.

The core argument is over flexibility. The Government argues that the growth of these peripheral - or in Commission language "atypical" - jobs is a healthy sign. It shows that a deregulated labour market will create more jobs of the type that people want.

The Commission, while acknowledging firmly this week that such work contracts were necessary, is suspicious that they are used by employers to save on wage costs. Payments such as national insurance contributions and sick pay benefit can be avoided.

Britain's Government and employers would probably be forced into the biggest changes if the directives came into force. Most other states have fewer part-timers. Those with higher proportions, the Netherlands and Denmark - also have more legal employment protection.

However, they would clearly affect some other states heavily. In West Germany, the thresholds of employed having to work 19 weeks a week before they contribute to unemployment benefit, and 15 hours a week before they contribute to sickness benefit, would have to be altered.

If the three directives were adopted as proposed - which seems unlikely - they would give part-timers (those working for more than eight hours a week) and temporary staff a range of entitlements:

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Threats to the markets

THE financial markets on both sides of the Atlantic are in a much better mood than a month or so ago. On Wall Street there is no longer talk of the need for 9 per cent plus yields to persuade foreign investors to buy US Government bonds. The latest trade figures suggest that the chronic US trade imbalance is on the mend, and it seems to be only a question of time before US interest rates are allowed to fall.

In London, the transformation in sentiment has been even more marked these past few weeks. The Bank of England has had to step in to prevent UK interest rates falling. The pound no longer looks a weak currency, and the gilt-edged market has enjoyed one of its most powerful rallies for a long time. In the short term it is an environment where equities can flourish.

The global financial problems posed by German unification and eastern Europe have been overtaken for the moment by more mundane domestic economic concerns. US retail sales have fallen for the third month in a row, but exports are doing well and inflation is no longer accelerating. There is not enough evidence yet to persuade the Federal Reserve to ease, but nor does it point to a recession. In the UK, the sharp rise in the underlying growth of inflation is clearly disappointing. It is now more than twice the rate in West Germany, and shows that far from converging with rates in the rest of Europe - which has been a precondition for early entry into the exchange rate mechanism - the gap is widening. Nevertheless, the prospects for inflation look better if the recent strength in sterling can be sustained.

Economic engines

The UK's economic problems are more serious than most. But at least they are occurring at a time when the growth of the world economy is proving more robust than many dared hope. The surprising buoyancy of European car sales in May is another reminder that the economic engines of continental Europe and Japan should continue to offset any sluggishness in the US. And even if no one believed that the economic cycle has been abolished, the recent weakness in the price of gold, and oil - both good fixtures for inflation - suggest that the prospects for non-inflationary growth have improved over the past year. All that is needed, argue the bulls, is for central bankers to continue their fine tuning and the world economy can tick over quite happily.

They may be right. And even

if they are not, the UK equity market has already discounted a lot of bad news. Share prices are still not back to where they were in the summer of 1987, even though corporate profits and dividends have risen by some two thirds in the interim.

Admittedly, the valuations on Wall Street are more demanding. Corporate earnings have been falling for the last three quarters, and Morgan Stanley, the US investment bank, argues that in real terms US corporate profits have gone nowhere for the last six years. But Wall Street is being driven by the promise of lower bond yields and a recovery in corporate earnings, which should show through soon.

Stubborn problem

Nevertheless, any suggestion that the risks for the world economy, and for the financial markets, have lessened over the past few months will be removed by a reading of this week's annual report from the Bank for International Settlements, the central bankers' bank. The BIS sees inflation is a far more stubborn problem for many countries. Furthermore, this year's weakness of the yen and strength of the dollar have underlined the way exchange rate movements are preventing a correction of serious trade imbalances; this can fuel trade frictions which in turn threaten the growth potential of the world economy.

The BIS's greatest worries centre on the growing fragility of the financial markets. It is perturbed by the rapid growth of new financial products and practices at a time when the corporate and personal sectors are highly geared by historical standards. These products have flourished in favourable economic conditions, but there is no way of telling how they will fare in a harsher climate.

The financial sector has become vulnerable to a slowdown in economic activity and higher interest rates. Signs of stress in areas such as property lending and the US junk bond market have added to the BIS's unease. Were the difficulties in the financial sector to become more widespread or more acute, they could have serious consequences for economic performance.

Even allowing for central bankers' caution, it is a blunt warning. Although considerable comfort can be taken from the way the financial markets have coped with recent volatility in exchange rates and share prices, there has to be a worry that future violent movements may not be as well contained if they took place in a more hostile economic climate than prevails today.

They may be right. And even

David White on a UK defence review that could lead to radical restructuring

Armed forces in the firing line



Fighting for their future: Sandhurst cadets at the Sovereign's Parade

May, causing what other top MoD figures describe as a "diversion."

The debate rehearses an old polemic about continental versus maritime commitments. Being on the central front cost Britain £4.35bn in the last financial year: £3.2bn for the BAOR alone, £600m more than all naval operations. Of the total, £1.37bn was spent in D-Marks.

The last defence review in 1981 proposed sacrificing the Navy for the central front. It never happened because of the Falklands, which gave the Navy its largest operation since the Second World War. Subsequently, however, the MoD's planners argued that defence could not be built around "one-offs" like the Falklands. The main determinant had to remain the Soviet threat and the UK's part in Nato's military structure.

Now all the assumptions about the threat have gone out of the window. The planners are still gathering their wits. The risk of total war is remote, and anyway, once conventional arms control is in place and Soviet forces have pulled back, senior British commanders recognise they would have months of warning to prepare against all-out attack.

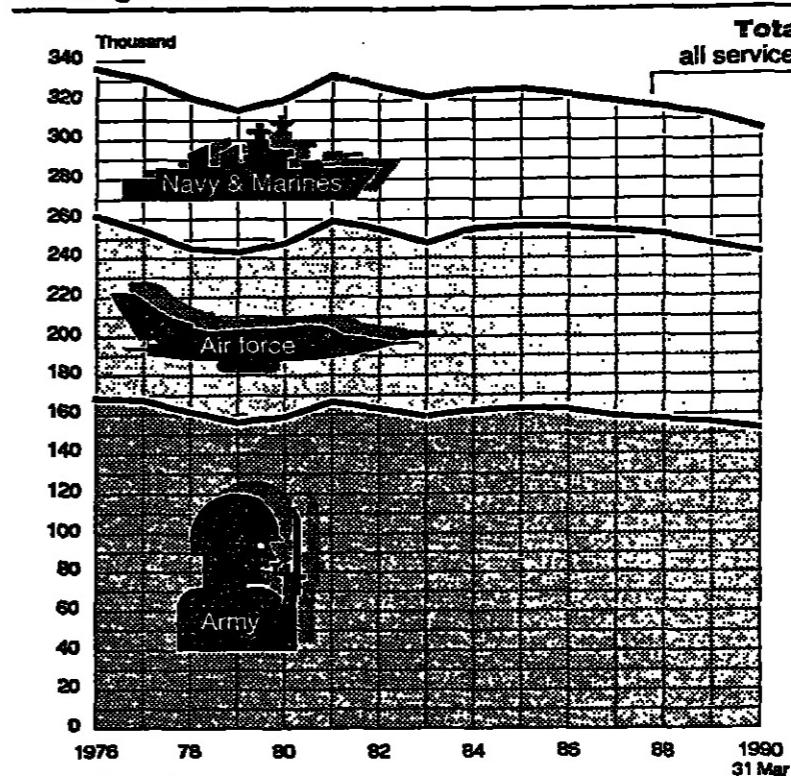
Speculation and rumour about future cuts are running ahead of the studies, eating away at morale, particularly in the Army. Captains and majors, corporals and sergeants people with full Army careers ahead of them, want to know what is going on. More and more are leaving. The Army is now 5,200 short of its target of 136,000 trained personnel. A package of measures to improve retention is due next January. Overall, the services are losing annually 6,000 more people than they recruit.

The armed forces' whole structure, size and organisation are being reassessed. If the risk in Europe no longer comes from a hostile bloc but from instability, or from the theoretical danger of resurgent Russian military ambitions, how is it to be countered?

What emphasis should be given to that, or to more immediately likely emergencies, such as flare-ups in remote places or civil violence at home? How much should Britain plan to fulfil these tasks itself, and how much should it count on allies?

Everything points to more fluid defences, with a longer reach. The reasons for Nato fielding its various

UK's regular armed forces



Source: Ministry of Defence

argue it could take all the aircraft from its German squadrons in the UK, but realises it would not be allowed to do so. And it has nowhere to house RAF Germany's 12,000 personnel.

The Army has the same predicament. "You don't save money by moving people back from Germany to the UK," Field Marshal Lord Bramall, a former Chief of Defence Staff, told a recent hearing of the Commons Defence Committee. Unless the Army got rid of people, it would involve large capital outlays to accommodate them. As one officer said: "For the past 10 years we have been divesting the defence estate as fast as we can to property developers."

There is also increasing pressure from environmentalists against the expansion of military training areas in the UK. Experts believe that the Army, already smaller than the West German, French, Italian or Spanish

armies, which all rely on conscription, could be cut by a third over the next four or five years.

The Army has come late to thinking about big changes. For the first half of last year it was busy drawing up plans for recruitment and retention to keep numbers up in the demographic trough of the 1990s. Nato proposals for cutting heavy army weapons in the Vienna CFE arms talks were tabled more than a year ago. But the Army reckoned it could easily absorb the 10-15 per cent equipment reductions proposed for the Nato side, with minimal effect on front-line units. If it had to lose 150 tanks, they could be taken out of war maintenance stocks, or tank squadrons could be reduced in size, or regiments could have fewer squadrons. The reduction would at most amount to an armoured brigade of 5,000-7,000.

But that was not accounting for political expectations and pressures from the Treasury and other government departments vying for funds. Senior officers say the BAOR is likely to lose at least the equivalent of a division - 15,000-20,000 men - as a result of a CFE agreement. It has not yet been decided which units would go. Criteria will include how up-to-date a unit's equipment is, where it is located, how close it is to training areas, and even what its barracks are like.

"There's no point giving away the Ritz to retain the Travellerodge," a commanding officer said.

Two or three brigade headquarters might go, possibly a divisional HQ. Five or six of the BAOR's 12 armoured regiments might be directly affected. They would not all be required in the UK. Some might "re-role" as armoured reconnaissance regiments with lighter vehicles. But some will be redundant. As the jargon goes, they will have "no place in the regular order of battle." And officers see little point transforming them into territorial Army regiments when the TA cannot meet its current recruitment target of 36,000.

Reductions would not stop at the cavalry units of the Royal Armoured Corps. The infantry could easily lose 10 of its 55 regular battalions. Commitments in Northern Ireland and expected future commitments in Germany would require about 30 of those battalions. Overseas, there are battalions in Cyprus, Belize and the Falklands, but the Army is set to leave Gibraltar and the Gurkhas' five infantry battalions, including one on hire in Brunei will lose their Hong Kong base in 1997. Last year Britain planned to keep a reduced Gurkha brigade, but that is being reconsidered.

Holding to its diminished regimental system, the Army faces the trauma of a new phase of units being amalgamated or disbanded. There will be a fight to keep "cap badges." Some brigades, such as the Royal Green Jackets, the Royal Anglians or The Queen's Regiment, with three battalions each, could be rationalised by cutting a battalion. Most battalions are below their 550-man strength anyway.

Units are now trying hard to build up to full strength to avoid the axe.

The 3rd battalion, The Queen's Regiment, has started offering £100 and a month's leave to anyone who brings a new recruit.

Small single-battalion regiments (such as the Royal Hampshire Regiment) are in danger of disappearing.

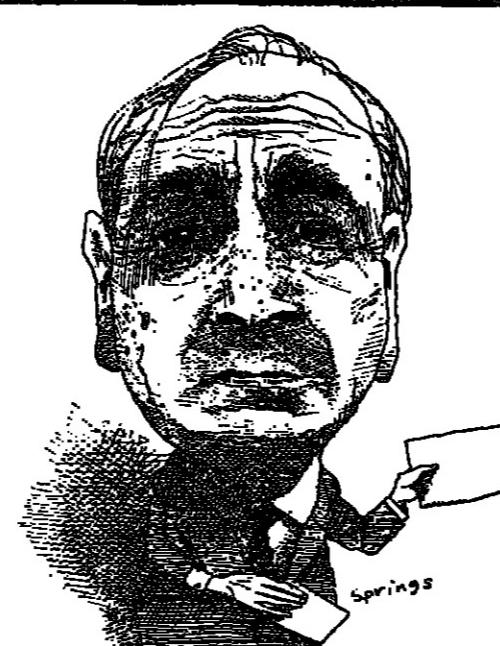
"There will be all hell to pay," one senior officer said, recalling the outcry 20 years ago over proposals to disband the Argyll and Sutherland Highlanders (regimental nickname: The Thin Red Line). "Nobody," the officer said, "would want to go down in history for chopping them."

MAN IN THE NEWS

Lord Young

Clever outsider with a lordly new role

By John Plender



ket as a genuine pioneer - one of the first to specialise in building industrial estates near exits to motorways. The business also developed offices and shopping centres. At its peak it employed about 2,000 and Young became a paper millionaire when the company was sold to Barry East's Town & City Properties in the early 1970s.

The decision to take Town & City shares was a grave mistake. Young's fortune was completely wiped out in 1974 when the company's break-neck expansion ended in near-collapse. It was left to Jeffrey Sterling, by then chairman of Sterling Guarantee Trust, whom Young had introduced to a number of joint ventures with Town & City, to rescue the company. He did so, with support from Barclays and the Prudential, in order to protect his company's investment.

Young's political career might never have happened if he had been more resolute at this point in following his instincts. Having lost a fortune

and become depressed with the political climate after the miners' strike and Michael Foot's trade union legislation, he decided to go to the United States with a view to emigrating. On his first morning there he disarmingly admits to having stayed at the Ritz-Carlton in Boston, which is a novel approach to emigration - he woke to the sound of police sirens and the smell of tear gas, in one of the first school busing riots. His wife told him he would be crazy to stay.

So he returned only a day later to Britain and subsequently restored his fortunes through a joint property lending venture with the London arm of the US commercial bank Manufacturers Hanover and a housebuilding business called Greenwood.

Former business colleagues respect Young's energy, ability, openness and sense of fun, while suspecting that his marketing initiatives at the Department of Trade - "the department for enterprise" - were more form than substance.

Most were astonished by his effortless rise in politics. The entrée was provided by Sir Keith Joseph, the intellectual draftsman of the Thatcherite programme and, incidentally, a director of Cable & Wireless since 1986. There followed jobs as the director of the Centre for Policy Studies, Joseph's Thatcherite think tank, the chairmanship of the Manpower Services Commission, ennoblement and ministerial office.

Young's is a classic case of a reputation that differs enormously inside Westminster from without. He undoubtedly made mistakes at the DTI, an acknowledged graveyard of ministerial reputations. But to the non-parliamentarian, his performance over House of Fraser looks less inept than that of the hapless Nicholas Ridley, whose failure to take action against the Fayed brothers is now to be subjected to a judicial review at the institution of Lonrho.

Young's initially uncharitable attitude to the tax-avoiding investors in Barlow Clowes'

Gibraltar operations showed a certain respect for the taxpayer's interests. His early support for the Monopolies Commission Report calling for the big brewers to divest many pubs looked an impeccably bold Thatcherite tilt at established interests. And the Rover sale might not have been so differently handled by any other minister, given the political constraints on a sale to such interested foreign contenders as Ford Motor Company.

But Young was never a member of the Commons club, which is an unforgivable sin to many on the Tory backbenches. He is both clever, Jewish and an entrepreneur, none of these attributes being any great recommendation in certain Tory circles. He owes his position solely to the Prime Minister's patronage. And he has alienated powerful Conservatives, not least Norman Tebbit during the 1987 election campaign.

Young admitted yesterday that he was upset by recent criticisms - above all by what he called "shameless hypocrisy" from fellow Tories over the Rover sale. He himself attributes his problems to the remoteness of a cabinet minister who has bypassed the Commons on the way to the Lords. He cannot use the House of Commons bar and is denied access to parts of the Commons where even lobby journalists are permitted. But he also relishes the prospect of returning to full-time business (and a continuing but reduced role at US investment bankers Salomon Brothers). Relations with Mrs Thatcher are said to remain good.

His previous close contacts with the Chinese and Japanese leadership should be of some considerable help to Cable & Wireless. So, too, will experience managing a large government department. How readily his entrepreneurial deal-making instincts will fit into the big company ethos at C & W remains to be seen. But his colleagues are guaranteed a lively time.

RAISED IN THE HIGHLANDS.



THE FAMOUS GROUSE
FINEST SCOTCH WHISKY

QUALITY IN AN AGE OF CHANGE.

John Plender

Heavy going in the racing game

The Irish are horse mad. In parts of the country distances are not measured in miles but in stades. There are race meetings on most days of the year, including Sundays. Ireland has 28 racecourses catering for the racing needs of a population of only 3.5m. In Britain there are 35 tracks — for a population of 56m.

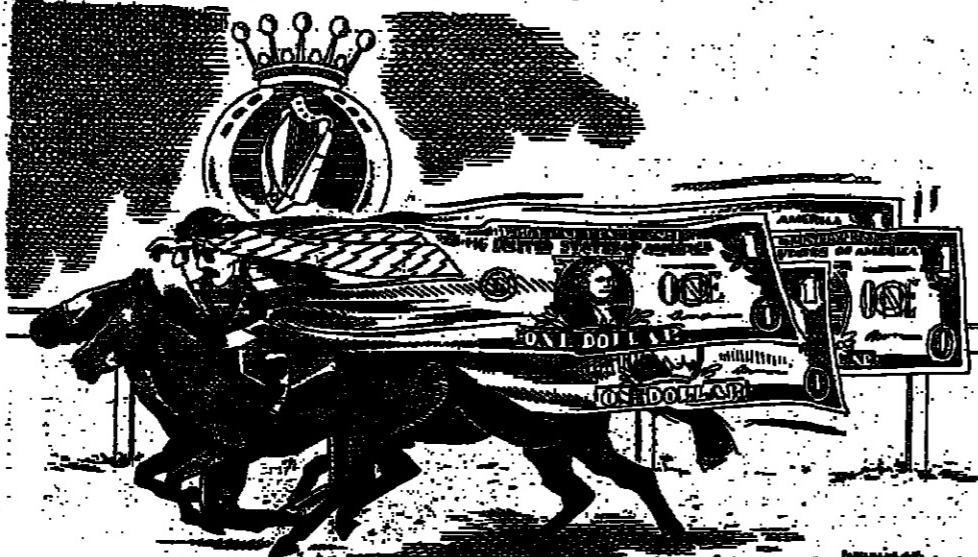
But these are tough times in the racing world. As any aficionado will testify, horse racing is a risky business. In recent years the Irish, the English and the Americans — who once controlled the vital breeding side of the industry — have been left at the starting gate by the new Arab owners, in particular Sheikh Mohammed and his brothers of the ruling Maktoum family in Dubai, and Prince Khalid Al-Maktoum of the ruling Saudi family in Saudi Arabia. These two families, together with the Aga Khan, are the real powers in racing today.

Of the first three horses past the post in the Epsom Derby earlier this month, two were Arab-owned, with Prince Khalid winning both the blue riband of English racing and its French equivalent, the Prix du Jockey Club, in the same week. Hamdan al-Maktoum, one of four Maktoum brothers, owns Nashwan, the winner of last year's Epsom Derby. He also had the winner of last Saturday's Oaks Classic. The odds are that Arab-owned horses will once again be in the winner's enclosure at next week's Royal Ascot meeting.

It is almost impossible to compete with this new force in racing. Nothing illustrates the risks better than the fortunes of an Irish company called Classic Thoroughbreds. The company was introduced to the Dublin stockmarket in 1987. Its aim was to utilise public funds to invest in one-year-old horses — or yearlings — which would be trained in Ireland and compete in particular in the Classics, the top thoroughbred races in Ireland, England and France.

The chairman of Classic Thoroughbreds is Mr Vincent O'Brien, the legendary Irish trainer whose stables in Tipperary have produced winners in six Epsom Derbys and in numerous other Classics. Mr Robert Sangster, the Liverpool pools multi-millionaire and long-time horse owner who has had a long partnership with Mr O'Brien, is a director, along with several other well known wealthy Irish businessmen,

Single-minded Arab owners are raising the stakes in the sport of kings, says Kieran Cooke



including Mr Michael Smurfit, the head of the Smurfit paper and packaging group, Ireland's largest public company.

Though Classic Thoroughbreds' directors emphasised the risks involved in investing in the company, the offer was three times oversubscribed. But those who felt they were backing a favourite were to be disappointed. In three years Classic Thoroughbreds has not produced a single Classic winner. The company's shares have fallen badly — from a high of Irish 41p down to Irish 10p now. In 1989 the company's pre-tax losses rose to Irish 56.78m, from a loss of Irish 5m in the previous year.

Other companies which have tried their hand at the racing game have found the going heavy. The death of one of its most valuable racehorses caused Impshire Thoroughbreds, an Irish racing and breeding concern, an operating loss of more than Irish \$300,000 last year. Leading Sirs, a company backed by Allied Irish Banks, which invests in stallions, has recently changed its name to Leisure Holdings and is now using much of its money to invest in activities well away from the racetrack.

A distinctly tetchy group of shareholders at Classics' annual general meeting in a Dublin hotel last week wanted to know why the company was not producing winners. "We have had our problems," said Mr O'Brien, who, at 73, looked a little race weary.

Control of a small number of bloodlines or pedigrees is vital to achieve success at the top end of the racing business. The years after the war marked the decline of the aristocratic group of families in the UK and Europe who had controlled the sport. The US had the dollars to import much of the best breeding stock. As a result European owners and trainers have since gone to the US, mainly to Kentucky, bought foals and yearlings, and brought them back to train and eventually race.

It was vitally important to pick the right horses. Mr O'Brien is acknowledged as a master of the art. He is credited with being the first to realise the potential of a horse called Northern Dancer, now described as the greatest stallion of all time. Throughout the 1970s and early 1980s Mr O'Brien, backed by Mr Sangster's money, bought Northern Dancer progeny. The Sangster/O'Brien partnership, with Lester Piggott as jockey, was first in Classic after Classic.

A great deal of money was made along the way. This did not come directly from winning races but through selling olds — or yearlings — to syndicates.

Estimates of just how much the Arabs have invested in the racing industry over the past 10 years vary from £500m to £1 billion. Sheikh Mohammed bin Rashid al-Maktoum, Dubai's Minister of Defence, 40, is the world's biggest owner, with about 800 thoroughbreds.

Kildangan, a 1,500-acre stud farm 40 miles south of Dublin, is owned by Mr Sangster and

Northern and kept at an Irish stud associated with Mr O'Brien, is among the world's most valued stallions. An owner would have to pay up to £150,000 to have a mare "covered" by Southern Wells. In a year a stallion might cover more than 100 mares.

However, by the mid-1980s, the O'Brien/Sangster partnership was running into problems. The winners were not appearing in the past, the same frequency as in the past. Greek shipowner, whose vast wealth had backed Mr O'Brien and Mr Sangster, had pulled out. Prices at the sales had meanwhile gone through the roof, with unproven yearlings fetching more than £100,000.

Some blamed Mr Sangster and Mr O'Brien for having encouraged the price rises. A generous regime of tax breaks in the US, since withdrawn, attracted substantial amounts of money from Wall Street and elsewhere into the sales rings. But above all it was the entry of the Arab bidders which drove up prices and marked the decline of the O'Brien/Sangster partnership.

Some blamed Mr Sangster for having encouraged the price rises. A generous regime of tax breaks in the US, since withdrawn, attracted substantial amounts of money from Wall Street and elsewhere into the sales rings. We still have to pick the right one. In this game you'll run out of money long before you run out of horses."

In the case of Classic Thoroughbreds it is clear that the money has started to run out. Of course there is always a chance that the old O'Brien magic might work. Last week Mr O'Brien talked of the great possibilities of a horse called Royal Academy, due to run in next week's St James Palace Stakes at Ascot. The odds might be unfavourable. But for the earnest horseman, there is always just one more gamble.

LETTERS

Aid for rail pioneers

From Mr Andrew Michell

Sir, The Government's reluctance to contribute financially towards the construction costs of the high-speed Channel rail link should be contrasted with the opposite stance taken by a predecessor Government 160 years ago when it provided funding at a critical time in the construction of the world's first passenger railway.

Had not the Exchequer Loan Bill Commission put up £100,000 in 1827, it is unlikely that the Liverpool and Manchester Railway would have been built.

In the terms of its time that was a mammoth construction project comparable to the high-speed link. Its successful completion sparked off the

A defect of the English language

From Professor Leslie Hannah

Sir, I fear that in publishing the trivial correspondence on chair "man" or "now" you are diverting scarce British resources of wit and inventiveness to less urgent national purposes.

Consider, for example, the notice of both Kevin Goldstein-Jackson ("Solemnly," May 26) and Mr Mackenzie (Letters, June 9) is the name of this risk. A number of fully listed companies are currently all too ready examples of how any misfortune can lose its shareholders' funds and other than offsetting those losses against other gains, there is no tax relief for those private investors. It is the illiquidity of BES shares, the difficulties of finding exit routes, and the lack of dividends that are the basis for the tax relief given to BES investors.

It is difficult to respond to all the points made by your correspondents without knowing the detail of their portfolios and their reasons for choosing particular investments: did they rely on their own judgement or did they depend on others, such as a professional adviser or the two industry newsletters that analyse the investment companies?

Advice was certainly needed because not all early investors

companies were good investments; 30 per cent who raised

money in 1983-84 have since

failed, with 20 per cent of the

invested money being lost. But

as experience in managing

equity investments in these

small companies has improved,

the failure rate has diminished,

so that comparable figures for

1986-87 are 9 per cent failed

and 3 per cent of the money lost.

One simple lesson to draw

from these figures is that lower

capitalised companies are more

vulnerable, and this is one rea-

son why the BES industry

regrets the imposition of a

£500,000 cap two years ago

(raised to £750,000 in the last

Budget) on the amount that

most BES companies can raise

in a year. Such a low limit

makes the money expensive to

raise, and companies of this

size find it difficult to attract

the experienced high quality

management needed. For these

reasons, the BES Association

will continue to press for a

higher level of funding.

T.C. Villiers,
Chief Executive,
The BES Association,
29 Maddox Street, W1

The priorities of parents who pay

From Mr Richard N. Kelly

Sir, David Waller ("The religion of success," June 2) sneers at Manchester Grammar School's emphasis upon examination success and Oxbridge entry, but fails to point out that these priorities are exactly those expected by those who pay the school fees.

The fact that the school's entrance examination each year attracts applicants whose number far exceeds the places available suggests they are priorities widely shared by parents in the Manchester area. As a school that exists independently of direct state funding, we must reflect the wishes of the market in order to survive. To ignore this reality indicates a naively surprising sympathy for a journalist on the FT.

I must declare that most of us at the school do not resent the publication of Mr Waller's article; it provides us with one of our most striking advertisements of recent years. Its stress upon our "single-minded" pursuit of academic excellence is one that will appeal to many parents considering their sons' second-

MGS fees

intruder, might it not be that "attentive," "interested" and "concentrating" were more apt descriptions?

First, his assertion that

the school buildings invoke

memories of Colditz and the

Lancashire cotton mills make

it easy to see why Mr Waller chose not to study history at university. Furthermore, if he had ever visited some of the state schools in the Manchester area, he might not consider MGS such an architectural masterpiece.

Secondly, his claim that the

masters at the school were

"recognisably the same as

those who taught me" implies

either that he is prone to no-

taught delusion or that the vast

majority of my colleagues were

mysteriously absent on the day

of his visit. There has, in fact,

been a 35 per cent turnover of

staff in the last five years alone.

Thirdly, he recalls that the

boys in the few lessons he

attended were "meek" and

"reticent." Allowing for the

natural tendency of young

boys to be more reserved than

usual in the presence of an

One man's meat is another man's import curb

From Mr Brian Reading

Sir, What's new? A Punch cartoon of September 27, 1890 was captioned: "According to the Standard, by the new meat inspection law, just come into force in the US, American cattle and pigs for export to England, France or Germany are to be inspected before leav-

ing America with a view to removing the grumous for objection on the part of those Governments to the unrestricted reception of these important American exports. Should any foreign Government, fearful of pleuro-pneumonia or trichinosis, refuse to trust to the infallibility of the

American inspectors, the US

President is authorised to retaliate by directing that such products of such foreign states

as he may deem proper shall be excluded from importation into the US."

Richard N. Kelly,
The Common Room,
Manchester Grammar School

A number of promoters are

still pugnacious Russian sardines.

Hugh Carnegy on the hopes and fears of Soviet Jewish families recently settled in Israel

Voting with their feet

Crammed into the small kitchen of a government "absorption" apartment near Jerusalem, the Tinjakov family from Moscow passed an elderly bottle of Cointreau around the supper table laid with salad, sausage and pungent Russian sardines.

Mrs Irene Tinjakov explained cheerfully that the Bunker had given her to her mother by a visitor from France after the Second World War. She had kept it for more than 40 years for a special day. "When we came here, my mother said: 'Now we shall open it!'

"There has never been such a power on the racing scene before," says Mr Osborne. "But while it looks set to continue, others might come along. Perhaps the Japanese will start spending their money on the racing business."

Sheikh Mohammed and the other Arab owners do not seem to have any particular interest in making money from the sport. Apparently, they do not even bet. Rather, they are driven by a single-minded determination to be top of the racing league. Money is used to

are expected over the next two to three years if their exit is not blocked.

But their arrival, and especially the question of how many may settle in Israeli-occupied Arab territories, has become a contentious issue in the Arab-Israeli conflict. Politicians in Israel proclaim the influx as a boost to the country's strength. Arabs also see it thus, and therefore as a threat to themselves. The issue already helped to fuel renewed talk of war in the region.

The Tinjakovs say they have no intention of settling in the occupied territories — they seek a quiet life in Israel after the everyday struggles in Moscow and desire peace for Arabs and Jews. But their already strong.

"Here 3.5m Jews are surrounded by millions of Arabs.

In the Soviet Union Jews are also surrounded by millions of hostile people. But in the

Arab land annexed to the city after the 1967 Six Day War.

He confesses his dislike for the new Government and says the political situation worries him. He says, very tentatively, that the solution lies in somehow separating Arabs and Jews, and suggests ceding the West Bank and Gaza Strip to the Palestinians may be the answer. "I hope the US and western European countries will help to find solutions to these problems because I'm sure Israel alone cannot."

What worries Mr Savitsky most, however, is what he regards as the country's chronic lack of preparedness to cope with such a large influx of people. Arabs and Jews have preferred to go to Israel already.

"Here 3.5m Jews are surrounded by millions of Arabs. The lack of housing shortage, with a consequent surge in house and rental prices, and the high cost of living are what alarm him.

A patient specialist, he now has part-time work and some hope of a full-time job. Katya is a talented seamstress. Even so, he is concerned.

"My main problem is to build a base for my family. It will take me many years to get even the cheapest apartment, the cheapest furniture, the cheapest car. I see that it is much easier to start out in the US — although the US is a tough country."

He acknowledges the warm welcome he and his family have received in Israel. Assuming they find employment they are happy to stay. Both he and his wife still advise other Jews to come to Israel. But he admits — ironically given the years of struggle trapped in Israel.

He objects to rules forcing him to repay the state's outlay on his family if he leaves the country within five years — as he might choose to

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UK COMPANY NEWS

Reebok sale proceeds will fund Pentland expansion

By Alice Rawsthorn in London and Karen Zagor in New York

PENTLAND, the consumer products group, plans to stage substantial acquisitions within the branded products field when it has completed the sale of its 31.5 per cent holding in Reebok, the US sports shoe company.

Reebok announced the proposed sale in New York after the stock market closed on Thursday evening and saw its shares rise by \$0.75 to \$18.75 yesterday in moderately active trading. This values Pentland's holding at \$625m (£388m).

Pentland's share soared by 15p to 95p in London yesterday. It has held shares in Reebok since 1981 when Mr Stephen Rubin, its chairman, paid \$77,500 for its original 5.5 per cent chunk of the equity. Reebok expanded at a frenetic pace in the fitness boom of the mid-1980s and the stake became the biggest single source of Pentland's profits.

Mr Frank Parker, finance director, said Pentland had decided to sell the holding to raise capital for future expansion.

There were tax disadvantages associated with the

state, he said, and no cashflow benefits associated with it. Once the holding is sold Pentland is likely to increase its dividend payments.

The timing of the sale was triggered by the fact that Pentland's contract to source Reebok products will finish at the end of this year. The contract for Pentland to distribute Reebok's products in the UK expired at the end of 1989. Reebok decided to handle its own distribution as it plans to use the UK as a distribution base for Europe.

Mr Farrant said Pentland saw no point in retaining a minority holding in a company with which it had no strategic or managerial involvement. It plans to use the proceeds for acquisitions in the area of branded consumer goods. However, it does not have a substantial acquisition in its sights at the moment.

Pentland, which staged a financial restructuring last summer, has been attempting to reduce its reliance on Reebok for several years. In 1988 it made an offer for Parker Pen, only to be forced to abandon

the deal a few months later.

Last month Pentland, which has interests in footwear and clothing, participated in an \$85m leveraged buy-out for the Speedo sportswear business in the US. It is interested in acquiring the Speedo businesses in Europe and Australia.

On Wall Street the news of the proposed sale sparked speculation over the future of Reebok, which has been haunted by buy-out rumours in recent months. However, several analysts said current US market conditions were not sufficiently attractive to put the company into play. There are other factors which would deter all but the most determined bidder.

Mr Paul Fireman, Reebok's chairman, has first refusal for the Pentland stake. He and his wife already own 14 per cent of Reebok. In addition Reebok is headquartered in Massachusetts, which has some of the most prohibitive anti-takeover legislation in the US. Reebok has also devised a "poison pill" plan as an additional deterrent to potential bidders.

Pentland, which staged a financial restructuring last summer, has been attempting to reduce its reliance on Reebok for several years. In 1988 it made an offer for Parker Pen, only to be forced to abandon

Globe bidder given green light

By Nikki Tait

THE £1bn bid by the British Coal Pension Funds for Globe Investment Trust has been given a green light by the Office of Fair Trading and the Department of Trade and Industry.

The DTI said it would not be referring the offer to the Monopolies and Mergers Commission. Its decision was fine with the advice received from Sir Gordon Borrie, director-general of the OFT.

Globe had lobbied hard to get the bid referred, with support from the Association of Investment Trust Companies.

In accordance with normal practice, the DTI did not give any formal explanation for its decision – although an official said that the reasoning was based on the fact that Globe and BCPF "operate to all intents and purposes in different markets, so there were no competition issues involved."

The decision was greeted with some satisfaction by BCPF. It was pleased both in the context of the offer, and

from the standpoint of pension funds generally. It also claimed that the ruling was to the benefit of the investment trust sector, where discounts might have widened had the authorities decided to intervene.

BCPF's cash offer is currently pitched at 191p a share and reaches its second close on Monday. However, the stock market has strengthened since the original terms were announced, and the bidder is expected to have to raise its terms if it wants control.

Globe has already published an updated net asset value of 218.1p a share as at June 4, and has argued that its "total value" on that date – after making a series of adjustments, some of which have been controversial – was just below 233p a share.

Globe has estimated that its fund management operations are worth around 8.1p a share – a figure included in the total asset valuation, although not in the net asset valuation.

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BCPF has until June 25 to

raise its offer. Globe shares rose 4p to 204p yesterday.

David Hardy – chances of referral were fairly slim

raise its offer. Globe shares rose 4p to 204p yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Air sprung S	£1.16	-	3.16	5.5	5.5
Bulding (AF)	0.2	-	0.2	0.2	0.2
Eldridge Pope Int	1.75	July 28	1.75	4.1	
Hanover Druse	0.5	-	3.5	2	5
Manpower Int	n/a	-	0.6	0.6	
Smith New Court Ltd	3	-	n/a	3	1.5

Dividends shown per share net except where otherwise stated. *Equivalent after allowing for scrip issue. tOn capital increased by rights and/or acquisition issues. SUSM stock. \$Unquoted stock. \$Third market.

LONDON RECENT ISSUES

Issue Price	Arrival Date	Latest Reserve Date	1990		Stock	Closing Price	+ or -	Net Div	Time Cov'd	Gross Yield (%)	P/E Ratio
			High	Low							
100	F.P.	-	130	110	ABF Leisure 10p	130	+1	10.75	3.3	13.3	8.5
100	F.P.	-	95	91	Darmon Int 1st 10p	95	-	10.75	-	-	-
100	F.P.	-	1.75	1.75	EF Finance Trust	1.75	-	-	-	-	-
100	F.P.	-	26	26	Fins. Warr. 10p	26	-	-	-	-	-
100	F.P.	-	45	48	Fins. Warr. 10p	45	-	-	-	-	-
100	F.P.	-	15	17	Fins. Warr. 10p	15	-	-	-	-	-
500	F.P.	-	45	45	French Property Ex	45	-	-	-	-	-
801	F.P.	-	80	83	French Property Ex	80	-	-	-	-	-
500	F.P.	-	205	205	Imperial Justice 10p	205	-	11.75	2.5	2.8	13.9
1000	F.P.	-	44	40	Jupiter Euro Units	44	-	10.5	2.4	4.7	10.5
1000	F.P.	-	31	21	Parfus Frach 2 Wmts	31	-	-	-	-	-
1000	F.P.	-	102	95	Sun Select Growth 10p	102	-	-	-	-	-
1000	F.P.	-	38	30	Stewart 10p	38	-	-	-	-	-
1000	F.P.	-	215	200	Whigete Tape Applicatn	215	-2	18.25	2.0	5.4	10.8

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Reserve Date	1990		Stock	Closing Price	+ or -
			High	Low			
100	F.P.	-	101	99	Bluestone Toy 12p Cu. Unit 10p	97	-2
100	F.P.	-	100	102	Darmon Int 1st & 2nd Rpl. 1st 10p	101.5	+1
100	F.P.	-	1.75	1.75	EF Finance Trust	1.75	-
100	F.P.	-	26	26	Harmer Cap Flt. 11 1/2p Cu. Oct 2005	26	-
100	F.P.	-	45	45	Reckitt & Colman 9.5p Cu. Oct 2005	45	-
100	F.P.	-	12	12	Child Health Plc. 10p	12	-
100	F.P.	-	247	140	EW Fac 50	247	-
100	F.P.	-	25	25	EW Fac 50	25	-
100	F.P.	-	30	30	Morgan Crucible	30	-
100	F.P.	-	130	130	Perfumex	130	-
100	F.P.	-	117	108	Stevens 10p	117	+1

A £100,000 dividend is £100,000 on £100,000 of capital. A £100,000 dividend and yield based on prospective or other official estimate for 1990. A £100,000 dividend and yield based on prospective or other official estimate for 1991. A £100,000 dividend and yield based on prospective or other official estimate for 1992. A £100,000 dividend and yield based on prospective or other official estimate for 1993. A £100,000 dividend and yield based on prospective or other official estimate for 1994. A £100,000 dividend and yield based on prospective or other official estimate for 1995. A £100,000 dividend and yield based on prospective or other official estimate for 1996. A £100,000 dividend and yield based on prospective or other official estimate for 1997. A £100,000 dividend and yield based on prospective or other official estimate for 1998. A £100,000 dividend and yield based on prospective or other official estimate for 1999. A £100,000 dividend and yield based on prospective or other official estimate for 2000. A £100,000 dividend and yield based on prospective or other official estimate for 2001. A £100,000 dividend and yield based on prospective or other official estimate for 2002. A £100,000 dividend and yield based on prospective or other official estimate for 2003. A £100,000 dividend and yield based on prospective or other official estimate for 2004. A £100,000 dividend and yield based on prospective or other official estimate for 2005. A £100,000 dividend and yield based on prospective or other official estimate for 2006. A £100,000 dividend and yield based on prospective or other official estimate for 2007. A £100,000 dividend and yield based on prospective or other official estimate for 2008. A £100,000 dividend and yield based on prospective or other official estimate for 2009. A £100,000 dividend and yield based on prospective or other official estimate for 2010. A £100,000 dividend and yield based on prospective or other official estimate for 2011. A £100,000 dividend and yield based on prospective or other official estimate for 2012. A £100,000 dividend and yield based on prospective or other official estimate for 2013. A £100,000 dividend and yield based on prospective or other official estimate for 2014. A £100,000 dividend and yield based on prospective or other official estimate for 2015. A £100,000 dividend and yield based on prospective or other official estimate for 2016. A £100,000 dividend and yield based on prospective or other official estimate for 2017. A £100,000 dividend and yield based on prospective or other official estimate for 2018. A £100,000 dividend and yield based on prospective or other official estimate for 2019. A £100,000 dividend and yield based on prospective or other official estimate for 2020. A £100,000 dividend and yield based on prospective or other official estimate for 2021. A £100,000 dividend and yield based on prospective or other official estimate for 2022. A £100,000 dividend and yield based on prospective or other official estimate for 2023. A £100,000 dividend and yield based on prospective or other official estimate for 2024. A £100,000 dividend and yield based on prospective or other official estimate for 2025. A £100,000 dividend and yield based on prospective or other official estimate for 2026. A £100,000 dividend and yield based on prospective or other official estimate for 2027. A £100,000 dividend and yield based on prospective or other official estimate for 2028. A £100,000 dividend and yield based on prospective or other official estimate for 2029. A £100,000 dividend and yield based on prospective or other official estimate for 2030. A £100,000 dividend and yield based on prospective or other official estimate for 2031. A £100,000 dividend

UK COMPANY NEWS

Smith New Court moves £14.5m back into profit

By Richard Waters

SMITH NEW Court, the securities company, shrugged off a substantial loss on a stake in Ferranti International, the defence contractor that has suffered an alleged massive fraud, to report a strong advance in profits last year.

Pre-tax profits for the year to April 27 reached £14.5m, compared with a loss of £12.6m the year before after a fierce price war in the UK equity market.

Having passed the interim dividend the directors are recommending a final of 5p - last year shareholders received an interim of 1.5p but no final.

The result marked a strong turnaround in the second half, from £2m in the first six months, partly due to a smaller loss on the Ferranti stake.

Smith's holding of 30m Fer-

ranti shares, bought at 80p each, is thought to have cost it £7m-£8m in the first half as the share price fell to 56p. The second half loss is thought to have been half as much again, as the price declined further.

The company would not comment on these figures, saying only that the loss had been "substantial" in the first half and was "materially lower" in the second. It said it had disposed of the stake since the year end. Smith is now suing Citicorp Scrimgeour Vickers, from whom it bought the shares.

Smith's return to profit last year was due both to an improved performance in its core market-making operation and an increase in fee and commission income from broking and corporate finance work.

Mr Michael Marks, chief

executive, said that half of the company's gross revenues had been earned on market making, with the rest from broking and corporate finance work.

Income from the latter had increased by 40 per cent over the previous year. Half of gross income came from UK operations, with the rest earned overseas.

The market-making improvement was due to the ending of the price war and an increase in volume on the stock market, said Mr Marks. It was also helped by large "bought deals" conducted during the year.

Smith's research operations, begun in 1986, now cover 90 per cent of the UK market, although it still has gaps to fill overseas, the company said. It hopes to open its first continental European office within the next 18 months.

Tomkins agrees Philips deal

By Philip Coggan

TOMKINS, the UK industrial conglomerate, has now reached formal agreement on the \$550m (£325m) acquisition of Philips Industries, a US industrial group, a deal which was originally announced 10 days ago.

The news was accompanied by an estimate that Tomkins' pre-tax profits for the year to April 28 were not less than £76m, an increase of 17 per cent over the previous year.

Agreement on the Philips deal means that Tomkins has set the terms for the £325m rights issue being used to fund the purchase.

Shareholders are being offered a non-interest bearing convertible unsecured loan stock on a partly paid basis. The first instalment will raise approximately £154m, after expenses; the second will only be payable if the acquisition of Philips goes unconditional.

The issue price of each CULS unit will be 242p, payable in two instalments of 121p. The CULS will automatically convert into ordinary shares 28 days after the second instalment is paid. The effect, after conversion, will be a three-for-four rights issue.

Barclays de Zoete Wedd said that the unusual structure of the rights issue was designed to allow flexibility for Tomkins to raise half the money if the deal fell through. CULS are a more flexible instrument for achieving this purpose than ordinary shares.

As well as estimating its profits for the year to April 28, Tomkins said it intended to recommend a final dividend of 6.42p (4.75p), making a total of 9.12p (6.42p).

The directors said that the current financial year was "meeting expectations".

Unicorn Heritage liquidation

By Alan Cane

UNICORN HERITAGE, the company behind the "Royal Britain" exhibition in London's Barbican Centre is going into voluntary liquidation owing some £3.6m.

There will be a creditors' meeting on June 22nd after which the company will be put in the hands of insolvency specialists Cork Gully.

Mr Stephen Hook, the liquidator, said he was hoping to

find a buyer that would keep the exhibition as a going concern. "I hope we will be able to do something," he said yesterday "but it is not the best of times and it is an expensive site with high rent and rates". About 25 jobs would be at stake.

Some £7m had been raised to fund the exhibition which features a variety of sophisticated audiovisual techniques to

evoke a sense of the history of British Royalty. It is the inspiration of Mr Gyles Brandreth, the media personality.

Mr Kim Keeble-White, the present chief executive, said the exhibition had been dogged by bad luck. There had been delays in opening and the initial marketing had been poor.

The show had been revamped and improved but by then the money had run out.

The Directors of Globe Investment Trust PLC are the persons responsible for the information contained in this advertisement. The Directors confirm that to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is accurate and does not contain any statement likely to affect the import of such information. The Directors of Globe Investment Trust PLC accept responsibility accordingly.

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Chairman

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The final dividend, if approved, will be paid on 16th August 1990 to shareholders on the register at 19th July 1990. The full Report and Accounts was posted to shareholders on 25th May 1990 and the Annual General Meeting will be held on 24th July 1990 at 12.00 noon.

The value of shares can fall as well as rise and past performance is not necessarily a guide to the future.



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The strings tied to aprons and runways

Paul Abrahams analyses BAA's dilemma over how to revalue its property portfolio

A STANDARD corporate habit for most companies is to maximise their asset value. That appears particularly valid at a moment in the UK as the City attempts to digest an unpalatable series of poor profit figures.

But Sir Norman Payne, chairman of BAA, the former British Airports Authority, is set to a tricky management dilemma on Monday, when he announces a revaluation of much of his company's property portfolio at the same time as its full-year profits.

Analysts believe that BAA's operating profits are likely to be robust - between £250m and £255m, against £198m last time. Any downturn in the charter market has been more than offset by growth in scheduled services. The company's other main revenue stream, from shops and duty-free outlets, is also likely to report good profits.

However, the eyes of the City will mostly be focused on the property valuation.

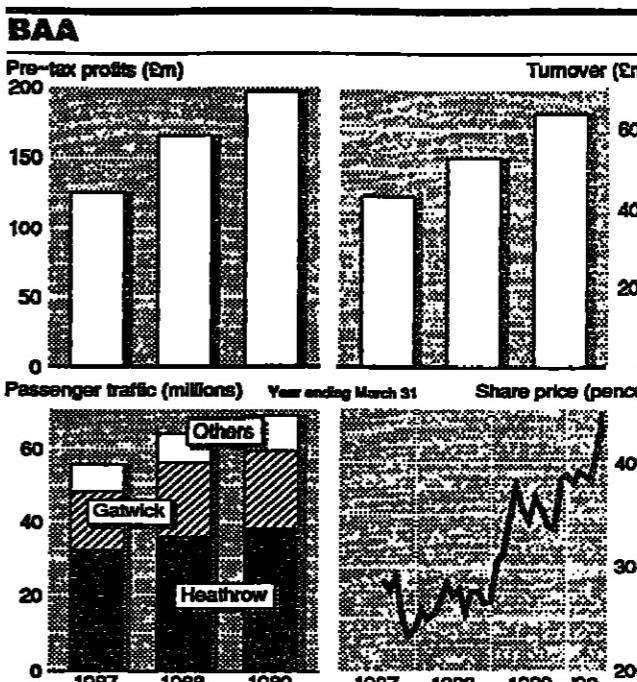
Runways and aprons will be valued at replacement rather than historic cost with depreciation, and a rerating of value of the terminals is likely.

The reason for Sir Norman's dilemma is that he is playing to a number of audiences. A major reappraisal of the value of BAA's terminals, runways and aprons would obviously prove attractive to shareholders and the City.

In justifying a large sum, Sir Norman could point to the substantial revenue already generated through shops and duty and tax-free outlets at the airports. Some analysts believe the sites at Heathrow have the highest turnover in the world and that it would be reasonable to value the properties at high yields similar to shopping centres.

The temptation to adopt a high valuation would also help Sir Norman in his battle with Mr Michael Ashcroft, chairman of ADT, the industrial services group, which has built a 9 per cent stake in BAA. A high valuation would make it more expensive for Mr Ashcroft to acquire any further shares and might tempt him to dispose of his stake with substantial profit.

Another factor that paradoxically might tempt Sir Norman to choose a high valuation would be that it would reduce



BAA's return on assets. Sir Norman is preparing for the first of the quinquennial Monopolies and Mergers Com-

mission reviews set up by the Government before BAA's privatisation. The review, which examines all the operational

aspects of BAA's three southeast airports, will look closely at return on assets to make sure the company is not exploiting its potential monopoly in the region. A high valuation would clearly be beneficial to BAA's case.

But if it were that simple, Sir

Norman would be the same as

most other chairmen of public

companies. However, running

a recently privatised company,

he is in a delicate position. If

he wants to choose a high valuation

for commercial reasons, he runs the risk of causing a political furor.

The reason for this is that although a substantial revaluation

of the property assets might please the City and shareholders, it would certainly not please the Government. Ministers would not welcome another series of accusations from opposition parties that a nationalised industry had been sold on the cheap when it was privatised.

When Sir Norman announces the results of his decision, City analysts will have to decide whether BAA is

a property company, a trans-

port services organisation or a

hybrid of the two.

NEWS DIGEST

Airsprung declines to £2.35m

A SUBSTANTIAL increase in operating expenses from £16.72m to £17.17m forced down taxable profits at Airsprung Group in the year to March 31.

The pre-tax result at this USM-quoted furniture maker and travel agent fell to £2.35m (£3.04m), though turnover rose 28 per cent to £43.94m (£24.36m). Gross profit advanced to £11.91m (£9.66m) but operating profits were down at £2.74m (£2.94m). Earnings worked through down at 13.1p (19.3p). The proposed final dividend is maintained at 3.18p for an unchanged 5.5p total.

The company said that turnover in the first two months of the current year was considerably better than last time, but that the general economic situation could have a detrimental effect on its immediate prospects. A weakening pound would continue upward pressure on the cost of the raw materials Airsprung imports.

When the company disposes of its old factory in Rotherham and receives loan and grants due from the European coal and steel community and the Department of Trade, its liquidity, affected by high interest rates, should improve.

The company has proposed to change its name to Airsprung to Airsprung Furniture Group.

Strata Invs net asset value down

Net asset value per share at Strata Investments was a lower 162.5p at April 30 compared with 167.5p a year earlier.

Assuming full conversion of warrants the figures were 156.5p against 161.4p.

For the six months to end-April net revenue increased

from £30,430 to £38,434 after tax of £27,814 (£16,971). Earnings per share improved to 0.38p (0.29p). Net assets per warrant were 56.5p (£1.4p).

Windsor declines to £120,000

Taxable profits at Windsor, the insurance and reinsurance broker, declined from £175,000 to £120,000 in the six months to March 31. Last year's figures have been adjusted.

Turnover rose to £3.84m (£3.43m), earnings fell to 0.138p (0.288p) and there is no interim dividend.

In addition the company has agreed to acquire 51 per cent of Bishopscourt Financial Holdings for an initial £60,000 cash.

Spirax-Sarco Engineering has acquired the business and assets of Watson-Marlow by a significant margin. The value of the assets being acquired amount to some £2.7m.

Consideration is being financed from Spirax-Sarco's existing resources and new bank borrowings.

The directors said they did not anticipate any significant earnings dilution would arise from the acquisition.

They believed positive benefits would emerge for shareholders.

Mr Chris Tappin, chairman and chief executive of Spirax-Sarco, said the acquisition was in line with the company's corporate philosophy.

Mosaic buys dies companies

Mosaic Investments has conditionally agreed to acquire Ashwell Label Dies and Ashwell Label Dies (US) for an aggregate initial consideration of £4.15m.

Both companies are engaged in the manufacture of high quality flatbed label dies for use on all makes of printing presses that have a flatbed die cutting unit.

Assuming certain profits levels are met deferred consideration of up to a maximum £7m will also be payable.

Spirax-Sarco £15m purchase

Spirax-Sarco Engineering has acquired the business and assets of Watson-Marlow for £15.29m in cash.

Watson-Marlow, based in Cornwall, designs manufactures and sells peristaltic

1026

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UP £000's

UP Pence

UP Pence

UP £000's

INTERNATIONAL COMPANIES AND FINANCE

Saab-Scania profits lifted by strong aircraft sales

By Robert Taylor in Stockholm

SAAB-SCANIA, the Swedish automotive and aerospace group, has increased profits after financial items for the first four months of this year by 27 per cent to SKr817m (\$134m). Turnover rose by 11 per cent to SKr10.1bn against the comparable four months of 1989.

The car division of the group is now jointly owned with General Motors, although Saab-Scania has taken over half the burden of the first four-month losses of SKr95m in Saab Automobile. The wholly Swedish-owned Saab-Scania covers truck and aircraft manufacture as well as defence equipment.

These surprisingly strong results reflect a massive improvement in aircraft sales which rose by 73 per cent in the four months to SKr1.65bn.

Sales of the Saab340 and Saab2000 commercial aircraft have continued to grow with orders signed with Japan Air System and Hazelton Airlines of Australia.

So far 310 Saab340s have been sold. There are firm orders for 41 of the Saab2000 with a further 101 options. In April the order backlog for the aircraft division amounted to SKr14.5bn of which commercial aircraft accounted for SKr9.2bn.

The performance by the Scania truck and bus division was less impressive with 4 per cent growth in sales in the period to SKr7.98bn. Mr Georg Karslund, president and chief executive officer, said yesterday that the decline in demand in the western European truck market is continuing and

would result in a 10 per cent

turnover in all sales in 1990. He predicted a slight recovery in the truck market in Britain, Norway and Austria. He also reported that the group had revived in the volatile Brazilian market where there was a 10 per cent growth in the heavy trucks market.

Mr Karslund said that Scania's capital programme was running according to plan, while work was progressing on the build-up of a marketing and service organisation in eastern Europe.

The group reported a 3 per cent decline in sales in its Combitech defence equipment division to SKr6.9bn for the four months. Order books fell to SKr7.52bn compared with SKr8.1bn at the end of March 1989.

Compass flotation fully taken up

By Kevin Brown in Sydney

AUSTRALIA'S planned deregulation of domestic aviation passed its first hurdle yesterday when Compass Airlines, the only new airline currently seeking to enter the market, completed a successful A\$50m (US\$38.5) flotation.

Mr Bryan Grey, the veteran airline executive who formed Compass to take advantage of the deregulation legislation, said the issue, launched on Tuesday, had been completely taken up.

Compass plans to begin flying from mid-November, shortly after deregulation takes effect at the end of October. Mr Grey says the airline will offer discounts of between 20 per cent and 50 per cent on existing fares.

The company says it will be profitable from day one and forecasts pre-tax profits of more than A\$30m next year,

rising to A\$104m in 1992, and A\$134m by 1995. The prospectus promised investors a 10 cent dividend in the first year, rising to 43 cents in 1992 and 57 cents in 1995.

Some analysts have questioned Compass's ability to achieve these targets, because of the company's exposure to movements in fuel costs and exchange rates.

However, the two existing domestic airlines - state-owned Australian Airlines and Ansett, jointly owned by TNT and News Corporation - have already begun discounting fares in an attempt to shore up their market share before October.

Deregulation breaks the existing airline duopoly by allowing new airlines to operate on any domestic route after acquiring an Air Operator's Certificate from the Civil Aviation Authority, which regulates air safety.

The Labor Government had hoped that several new airlines would take to the skies after October, but Compass is the only potential competitor to have reached the stage of raising finance and seeking an operating licence.

Mr Grey said the Compass issue, underwritten by Potter Partners of Melbourne, had been "a great success." Surplus applications will be satisfied from an additional pool of 80m shares, bringing the total funds raised to A\$65m.

Mr Grey will control 9.1 per cent of Compass. Around 40 per cent of the shares have been allocated to the balance of the company's exposure to movements in fuel costs and exchange rates.

At the same time an executive committee of four directors is being formed. This includes Mr Descarpentries, Mr Gilson, Mr Armand Fayet, who ran the Health and Beauty division and becomes a director general, and Mr Robert van den Heuvel, the finance director.

Followers of the company suggested that Mr Watson had opposed Mr Descarpentries' style of management which included having a 30-strong board. It is thought that the new executive committee is intended to put tighter control on Mr Descarpentries' decentralised style of management, which some dubbed as a "divide and rule" policy.

Mr Gilson was involved in the early merger talks between Carnaud and Metalbox, and knows Mr Descarpentries from then. They are understood to have a good relationship.

Bringing in Mr Gilson was seen yesterday as an attempt to maintain the Anglo-French alliance at the top of the group.

It is thought that CMB's two main shareholders, MB Group in the UK and CGP of France, which together have over 51 per cent of the equity, had been concerned that without management changes the company would be damaged.

They suggest that Mr Descarpentries has been supported in the latest row by the majority shareholders, but warned that he must produce results in the short term to keep his top position.

Competition in the Canadian market was 42 per cent, slightly below the merged Molson-Carling O'Keefe.

Full year earnings were CS\$16.5m or CS\$1 a share, up from CS\$13.1m or CS\$0.90 in fiscal 1989, on revenues of CS\$3.3bn against CS\$3.0bn.

Labatt is making progress with beer sales in the US and Europe. The food operations are being held back by continuing difficulties in the US dairy products group. The communications subsidiary improved significantly.

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Shake-up at board level announced by CMB

By Maggie Urry

CMS PACKAGING, the leading European packaging group, has announced board changes after speculation about a behind-the-scenes power play at board level. The group was formed by the merger last year of Carnaud, a French packaging group, and Metalbox Packaging of the UK.

CMB said "after the first year of building its merger structure, CMS is now entering a new phase of development which requires changes in the management structure and in the general management team."

Mr Alex Watson, number two in the management structure under Mr Jean-Marie Descarpentries, the chairman and chief executive, is taking early retirement to make way for Mr Nigel Gilson, who comes in as a director general.

Mr Gilson had worked at Metalbox for 20 years and became head of Metalbox's UK operations. He left Metalbox three years ago to become group managing director of B. Elliott, the engineering company.

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MGM/UA deal runs into snags

By George Graham in Paris, John Wyles in Rome and Alan Friedman in New York

MR GIANCARLO Parretti, the Italian financier seeking to acquire MGM/UA, the US entertainment group, for \$1.2bn, yesterday ran into several snags in France and Italy.

He also declared the French Government move would have "absolutely no effect" on the transaction.

In the filing to the SEC, Pathé cited as a source of funds the sale of a 26.87 per cent stake in Banca Agricola Milanese, a Milan bank.

Sasea, a Geneva company controlled by Mr Parretti's partner Mr Florio Fiorini, is said to have sold the stake for \$22m to Centronord Communications, a financial company.

Pathé said yesterday it would extend its tender offer for MGM until June 22, a day before the final day permitted for closing the deal.

Mr Ed Hamburger, a securities lawyer and aide to Mr Par-

etti, meanwhile sought to clarify the confusion over the missing \$22m of funds for the acquisition.

He also declared the French Government move would have "absolutely no effect" on the transaction.

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Mr Ed Hamburger, a securities lawyer and aide to Mr Par-

etti, questioning whether his group, largely funded from Switzerland, qualified as European Community investor, but was forced to back down by the European Commission.

The minister recalled that after Mr Parretti's initial attempt last year to gain control of Pathé France Holding already owns 49 per cent of Pathé Cinéma and agreed last month to buy a further 62 per cent stake from the Rivaud banking group for FF512m, valuing the group at FF7.8bn.

But the Finance Ministry said in a statement that "the operation was of a nature to call public order into question," and that Mr Béregovoy's statement to the SEC that he had bought the bank stake, Mr Gennari said no transaction had taken place.

Hungarian issue warmly welcomed

By Nicholas Denton in Budapest

THE ISSUE of shares in Ibusz, the travel agency which is the first Hungarian company to be privatised following political reform, has been massively over-subscribed.

As the application period closed yesterday, Mr Kalman Meszaros, a director of Girozentrale Budapest, co-lead manager of the issue, estimated that it had been over-subscribed by 25 to 30 times as a whole and by about 50 times for the tranche reserved for western institutions.

The intensity of interest in the west is likely to mean that 300,000 of the 440,000 shares on sale will go to non-Hungarians when the final allocation is made early next week. Originally, only 240,000 shares were reserved for western investors.

The issue price of 4.900 forints values the western tranche at 2.2bn forints (\$53m) and the whole company, about two-thirds of which remain under state control, at 5.9bn forints (\$90m).

The high level of demand for Ibusz shares suggests a sharp mark-up when the shares make the trading debut on the Budapest and Vienna stock markets on June 21. Mr Meszaros said Ibusz shares may trade at between 20 per cent and 100 per cent above the issue price.

The offering may boost the Budapest Stock Exchange, on whose opening day Ibusz shares will be floated, and to the privatisation process in Hungary. A public offering is seen both as a way of making the sale of state assets more transparent and less prone to corruption, and as a means of involving the public.

Scott Paper in W German link

By Maggie Urry

SCOTT Paper, the world's largest producer of sanitary tissue, has agreed to set up a joint venture with Feldmühle, the leading West German paper group, currently being taken over by Stora of Sweden.

The joint venture will operate Feldmühle's tissue business of three mills in Germany and one in the Netherlands. It also sells tissue paper in France and Belgium.

Scott is the leading European tissue maker, with brand names such as Scottex and Andrex, but it lacked operations in Germany and the Netherlands. It operates in the UK, France, Belgium, Italy, Spain and Portugal, and has been looking to expand into Germany for some time.

Scott will take a 51 per cent stake in the joint company.

Scott's European sales are \$1.2bn and its midline tissue operations have sales of \$300m.

Scott said the deal was subject to approval by the German Federal Cartel Office. The company said it has no plans for closures or job losses as a result of the deal, but sales forces in France and Belgium would be integrated.

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Snags

FOREIGN EXCHANGES

US dollar and sterling firm

THE US DOLLAR was firm yesterday following the release of industrial production figures for May which appeared to show the economy growing at a faster-than-expected rate. Meanwhile, sterling continued to be supported by a belief that it will become a full member of the European Monetary System in the autumn.

The imminent publication of US industrial production statistics, as well as those for consumer prices and trade, had kept the dollar confined to a narrow range in Japan and during the first half of the European trading day.

On the release of the trade and consumer price data, the dollar weakened, with dealers marking the US unit lower on the belief that the economy was slowing.

The market will adopt a cautious attitude and is likely to wait for a clear sign that the Fed is easing before eventually pushing the dollar lower. In the meantime, the dollar could rise," he said.

The dollar closed at

of short-covering and took the US unit above \$1.7000, its highest level for a week. Much of the short-covering took place in London and followed a similar move the previous day.

Many analysts felt that the dollar could be set to move higher over the coming week. Mr Christian Doms of Chemical Bank said this could be the case, despite growing talk that the Federal Reserve might ease monetary policy when it opens market committee meets in early July.

Taking all the latest data, the economy did appear to be slowing and would point to an easing in monetary policy. But he added that last month the Fed did not ease and had dashed market expectations.

"The market will adopt a cautious attitude and is likely to wait for a clear sign that the Fed is easing before eventually pushing the dollar lower. In the meantime, the dollar could rise," he said.

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IRELAND (SIB RECOGNISED)															
Allied Irish Fund Managers - Contd.															
Deutsche Fund Managers															
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WORLD STOCK MARKETS

Despite a passion for Greek symbols, 'quants' claim to be normal people

THREE INVESTMENT analysts knocked at the gates of Heaven. The first explained to Saint Peter that he was a fundamental analyst; he made forecasts of company profits. The second explained that he was a technical analyst; he made predictions of future share price patterns, based in large measure on past experience. The third explained that he was a quantitative analyst; he made money.

This is, perhaps, a rather simplistic and biased interpretation of the roles played by the various breeds of investment analyst operating in today's financial markets. Nevertheless, it provides a useful and challenging introduction to a debate which has consumed the attention of academics and practitioners for decades. Which is the more useful: fundamental or technical analysis?

Unfortunately, the days are gone when Stock Exchange exchanges could answer themselves with a suitable answer to this question, secure in the knowledge that this provided a passport to fame and, hopefully, to fortune. The arrival on the investment scene of quantitative analysts, or 'quants',



promises to cloud the issues even further. Or, does it?

Part of the problem is that some people, including investors, regard quantitative analysis as a third, distinct analytical discipline. Another is the fact that some believe quantitative analysis to be synonymous with technical analysis. Some would argue that any problem arises only because of the tendency of quantitative analysts to shroud themselves in mystery and Greek symbols.

AMERICA

Dow falls in triple witching hour

Wall Street

EQUITIES moved lower yesterday morning in a broad-based sell-off, due partly to technical factors and partly to a sagging bond market, writes Martin Dickson in New York.

The Dow Jones Industrial Average dipped 15 points in early trading but by 2 pm stood at 3,921.04, down 7.18 points. Trading volume on the New York Stock Exchange stood at about 125m shares, with declines outnumbering advances by \$50 to 447.

The expiry of stock index options and futures, commonly known as the "triple witching hour," was a significant factor behind the decline. But equities were also led down by the bond market, which reacted unfavourably to a mass of economic statistics released yesterday morning.

May consumer prices went up 0.2 per cent, in line with expectations, and the April trade deficit narrowed to

\$6.94bn, better than analysts had forecast. However, industrial production in May rose 0.6 per cent, compared with expectations of a 0.4 per cent increase.

The bond market, which had been hoping for an early cut in interest rates if inflation figures confirmed on an encouraging trend, took the data as a sign that the Federal Reserve would not make an early move to ease credit.

Among blue chips, IBM was unchanged at \$124.00, while General Motors dipped \$4 to \$89. Ford was down \$4 at \$85.95 and Chrysler lost \$1 to \$15.

Both Ford and Chrysler were the subject of a credit downgrade late on Thursday by Standard & Poor's, the credit rating agency, because of intensifying competition in the US automobile industry. However, S&P reaffirmed GM's current ratings.

Reebok, the manufacturer of athletic shoes, saw its shares rise 5% to \$18 following

Thursday's news, after the markets closed, that Pentland Industries of Britain was to sell its 31.5 per cent stake in the group. Reebok accompanied this announcement with a plan for a poison-pill anti-takeover defence.

Wal-Mart Disney also went against the market trend, rising 2% to \$313 on hopes that its new film, *Dick Tracy*, would be a box office hit. The film opened at midnight on Thursday to generally enthusiastic reviews and analysts said it had reached a tentative contract agreement.

Fears that interest rates would rise again pulled bank shares lower.

SOUTH AFRICA

JOHANNESBURG remained under pressure after Thursday's slump, induced by the lower gold price. The JSE gold index fell 1.5 to 1,345, a 7.8 per cent loss on the week, and the overall index eased 1.8 to 2,977. Vaal Reefs shed R5 to R265.

Bank stocks were under pressure, reflecting concern that loan problems could continue putting pressure on their earnings. An interview published yesterday by Mr Robert Moleschot, the Commercial Secretary, quoted him as saying that there was a serious credit crunch which extended beyond the real estate industry and appeared to be worsening. Among money-centre banks, BankAmerica

was off 5% at \$30, while JP Morgan dropped 3% to \$35.

Canada

TORONTO stocks steadied at their lower levels by mid-session, reflecting weakness on Wall Street. The composite index lost 1.1 to 3,726, down 1.7 per cent on the week, while the DAX index, calculated at mid-session, lost 0.95 to 759.24, down 2.1 per cent on the week. Volume slipped to DM5.5bn from Wednesday's heavy

Saab dropped FF8.80 to DM47.90, ending above its low of FF47.50, in the day's biggest volume of 247,000 shares. Société Auxiliaire d'Entreprises, the construction company which is opposing advances by Mr Michel Pélage, lost FF15.00 to FF11.55. Vallourec, the steel tube maker, lost FF11.50 to FF13.40 in the wake of Tuesday's warning of a fall in sales.

Elf Aquitaine rose FF1.00 to FF16.60 in light trading before saying that it would raise the nominal value of its shares and split them in two in preparation for its launch in New York next year. Saab Free B shares rose SKr1 to SKr265 after announcing a 27 per cent increase in pre-tax profits in the first four months to SKr617m.

CONTINENTAL bourses, disappointed by Wall Street's weak opening, ended mostly lower yesterday, writes Our Man in Stuttgart.

FRANKFURT managed a small recovery, but trading was thin as many participants had not returned after Thursday's holiday. The DAX index added 4.5 to 3,726, down 1.7 per cent on the week, while the DAX index, calculated at mid-session, lost 0.95 to 759.24, down 2.1 per cent on the week. Volume slipped to DM5.5bn from Wednesday's heavy

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information is disseminated and reflected in stock market prices. The evidence regarding efficiency is confusing and inconclusive. It does, however, at least indicate that the UK and other major stock markets around the world are largely efficient. This does not mean that the market always gets it right. But it does mean that it is extremely difficult to beat the market consistently.

There is a large body of evidence which suggest that prices follow a "random walk" around true values. Moreover, the evidence suggests that past price movements form no guide to future price movements. Taking this at face value, the implication is that fundamental analysts are wasting their time; prices at any time reflect all publicly available information and, broadly speaking, are "correct".

At this stage in the debate, self-respecting fundamental analysts throw their hands in the air in despair. It is they, the argument goes, who are creating any inefficiency in the first place, they are the first to spot any inefficiencies. If their role did not already exist, it would very quickly have to be invented.

Technical analysts would

also denounce the Random Walk Theory. It is possible, they would claim, to predict future price patterns from historic information. Furthermore, they would claim that in

the market consistently. There is a large body of evidence which suggest that prices follow a "random walk" around true values. Moreover, the evidence suggests that past price movements form no guide to future price movements. Taking this at face value, the implication is that fundamental analysts are wasting their time; prices at any time reflect all publicly available information and, broadly speaking, are "correct".

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Technical analysts would

trends well before the fundamental analysts.

Quantitative analysts tend to stand back from this debate. On the whole, they do believe that stock markets are efficient – but only efficient to the extent that common practice allows and dictates. And this is the crux of the matter. Their aim is to achieve outperformance both by using superior techniques to those commonly applied and by applying discipline to the evaluation process. If these superior techniques become widely adopted, as one would expect over time, then quantitative analysts no longer have the edge. They are forced to move on to new techniques of ever-increasing complexity.

Although they are always striving for that upper edge, quantitative analysts do not regard themselves as a distinct breed. There is a huge area of overlap between their work and the work of fundamental and technical analysts. Nor do they deliberately shroud themselves in mystery. Most are normal, fun-loving people, ready at any time to exchange ideas and explain the rationale behind their approach to the investment business.

Their application of Chaos



Theory and the canonical form of the mean-variance selection model would provide an ideal way of introducing their craft, but as ever in the daily business press, space dictates that detailed techniques must take a back seat; what the investor really wants are "the facts".

Adrian FitzGerald

Adrian FitzGerald is Director of Quantitative Research at County NatWest WoodMac.

tracking the supply and demand balances in the stock market they are, in effect, capturing the impact of all factors, both rational and irrational, on prices. Consequently, they are able to detect and predict

CONTINENTAL bourses, disappointed by Wall Street's weak opening, ended mostly lower yesterday, writes Our Man in Stuttgart.

FRANKFURT managed a small recovery, but trading was thin as many participants had not returned after Thursday's holiday. The DAX index added 4.5 to 3,726, down 1.7 per cent on the week, while the DAX index, calculated at mid-session, lost 0.95 to 759.24, down 2.1 per cent on the week. Volume slipped to DM5.5bn from Wednesday's heavy

Saab dropped FF1.00 to FF16.60 in light trading before saying that it would raise the nominal value of its shares and split them in two in preparation for its launch in New York next year. Saab Free B shares rose SKr1 to SKr265 after announcing a 27 per cent increase in pre-tax profits in the first four months to SKr617m.

rule out capital increase to finance its acquisition of Norton.

MILAN finished lower as investors cashed in on the market's recent gains. The Commit index fell 0.55 to 757.57, but rose 0.7 per cent on the week.

Montedison built on Thursday's gains, adding L30 to L21.15. But Fiat was hit by profit-taking, falling L40 to L14.65.

Pirelli, the tyre and cable manufacturer, lost L35 to L23.05 following orders coming from the options exchange weighed on prices. The CBS Tendency index closed 0.5 down at L20.00, little changed on the week.

MADRID declined in cautious trading, the general index fell 1.22 to 284.23, ending little changed over the week. Telefonica, the telecommunications group, added Pt5 to Pt845 after calling for a rise in telephone rates at its annual shareholders' meeting.

ZURICH slipped on profit-taking in response to the early fall on Wall Street, with the Crédit Suisse index losing 0.7 to 658.8, but rising 1 per cent on the week.

COPENHAGEN inched up to another record, rising 0.6 to 332.50, a gain of 1.6 per cent on the week. Insurers continued to attract buyers after the previous day's news that Hafnia Holding, up DKr3 at DKR728, had raised its stake in Baltic Holding, up DKr8 at DKR933, to 23.7 per cent.

AMSTERDAM ended lower as a short burst of afternoon selling orders coming from the options exchange weighed on prices. The CBS Tendency index closed 0.5 down at L20.00, little changed on the week.

STOCKHOLM recovered from early declines on a sharp drop in Swedish credit yields. The Affärsvärlden General index gained 1.4 to 1,272.3, finishing little changed on the week.

PARIS fell back after three days of gentle gains, as Wall Street opened weak. Turnover continued to be thin and the

CAC 40 index lost 16.21 to 3,018.57, 0.5 per cent lower than the previous Friday.

Some recent winners went into reverse, with CGE losing FF77 to FF824 after Thursday's news that it had taken majority control of Framatome, the nuclear power plant supplier.

Suez dropped FF8.80 to FF47.90, ending above its low of FF47.50, in the day's biggest volume of 247,000 shares. Société Auxiliaire d'Entreprises, the construction company which is opposing advances by Mr Michel Pélage, lost FF15.00 to FF11.55. Vallourec, the steel tube maker, lost FF11.50 to FF13.40 in the wake of Tuesday's warning of a fall in sales.

Continental, the tyre manufacturer, continued to climb, adding DM7.10 to DM139.90. It was the second most actively traded stock with 1.2m shares changing hands.

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Weekend FT

SECTION II

Weekend June 16/June 17 1990

"*quarante-neuf ans, j'entrais dans l'aventure comme un homme que le destin jetait hors de toutes les séries.*" (At 49, I launched into the unknown, like a man whom fate had cast in a class by himself, apart from all others.)

SO-GENERAL Charles de Gaulle, described in his war memoirs, the extraordinary turn which his career took 50 years ago this weekend. Until then he had been known only to a narrow circle of soldiers and politicians interested in military theory. From then he was condemned, in his own words, "to assume the destiny of France."

It was as "the man of June '40" that his supporters were to hail him throughout the 39 years of extraordinary public life that lay ahead.

Two in those 39 years de Gaulle was to transform France's fortunes, and especially her image in the outside world. Between 1940 and 1945 he led her from a defeat so decisive and humiliating that it seemed inconceivable she would ever again be a world power, whatever the outcome of the wider war, to acceptance as one of the "Big Four" in Europe, and one of the five permanent members of the UN Security Council. Between 1958 and 1969 he turned the sick man of Europe, sapped by a colonial war which shifting coalition governments could neither win nor bring to an end, into a stable democracy with one of Europe's most successful economies.

He left public life finally on April 22 1969, resigning abruptly when the result of a referendum showed that he no longer had the majority of the French people behind him. (Death was to follow 18 months later, on November 9 1970 – a fortnight before his 90th birthday.) Between them and today a further transformation was to occur, in de Gaulle's own reputation.

In the late 1960s, the last years of his rule, when I began my career in Paris, de Gaulle was an intensely controversial figure both in France and abroad. At home he was bitterly opposed by the left as an authoritarian conservative. The leader of this opposition, François Mitterrand, actually wrote a book denouncing the Fifth Republic as "a permanent coup d'état." Abroad de Gaulle was reviled, at least among France's allies, for taking his country out of Nato's military structure, attacking the role of the dollar in the world monetary system, blocking British membership of the EEC, campaigning against American influence in Europe, siding with the Arabs in the Six-Day War, and backing separation in Quebec.

Today in France no-one questions the powers of the President, least of all the man who now wears them. Even abroad there is widespread recognition that de Gaulle, by stressing France's independence, achieved a consensus on national defence, including nuclear deterrence, which exists in no other country, and which makes France a peculiarly valuable ally. The Franco-German friendship which he forged with Konrad Adenauer, the West German Chancellor from 1949 until 1963, remains the bedrock not only of French foreign policy, but of all the current efforts to integrate a

united Germany into a united Europe. The Justice of de Gaulle's criticisms of the Bretton Woods monetary system, and of the Vietnam War, has long since been recognised by the US itself. The grievances of the Arabs over Israel's occupation of their territory have also gained much wider international support. Even the special character of Quebec has been formally recognised in the Canadian constitution.

The man of June 1940 certainly deserves to be remembered, in this year which also marks the centenary of his birth. But who was he?

Forlorn champion in France of the idea of a professional, highly mobile and mechanised army, against the prevailing doctrine of a massive defence line manned by conscripts, he was promoted *Général de Brigade* (equivalent of a British Brigadier) only in May 1940, in the midst of the German blitzkrieg which, too late, was proving him right; and was brought into the government as under-secretary of state for national defence, only on June 6.

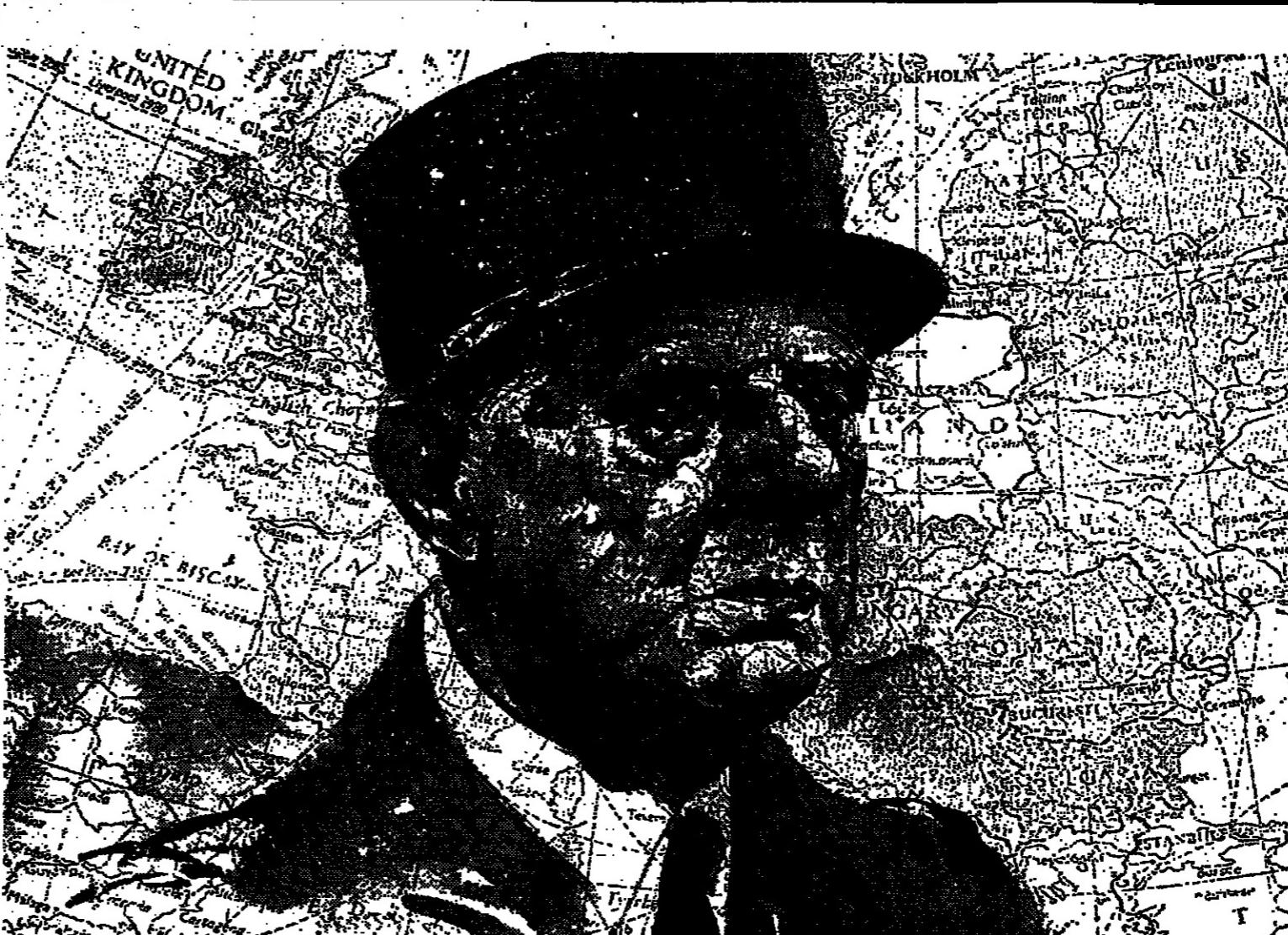
During his 11 days in government he was occupied mainly with the effort to keep the Franco-British alliance alive, and took part in four extended meetings with Churchill. At the last of these, which occurred in London 50 years ago today, he persuaded Churchill to make the dramatic offer of a complete union between the two countries; only to find, on his return to Bordeaux that night, that the French government of which he was a member had resigned.

That deprived him of any official status: he was an officer without a command, in an army which had just been routed, and a politician without office, in a state that was preparing to capitulate. With 100,000 francs of French secret service money, given him by the outgoing prime minister, he returned to London in a British aircraft, saw Churchill again and found time for airtime on the BBC. On the night of the 17th the new French government of Marshal Pétain requested an armistice, and the following evening de Gaulle broadcast his "appeal to the French."

"Believe me," he declared, "I know what I am saying and I tell you that nothing is lost for France. The same means that have beaten us can one day bring us victory... I, General de Gaulle, now in London, invite the French officers and soldiers who are or may come to be on British soil, with or without their weapons, and the engineers and self-sacrificing workers of the munitions industries... to make contact with me. Whatever happens, the flame of French resistance must not and will not be extinguished."

He spoke in no-one's name but his own, for no-one had demanded him to speak. Indeed, on that day few people knew him. In the chaos of defeated France, few people thought of tuning in to the BBC and the BBC itself did not bother to record the broadcast de Gaulle had to go back to Broadcasting House a few days later to make a tape for the archives.

It was the very fact of his obscurity and almost complete isolation



When fate cried out

Edward Mortimer reassesses the life of General de Gaulle

on June 18 1940 that gave both the date and the man their historic quality. By 1944 it was more or less true, as de Gaulle was to write, that "France as a whole now wants only her liberation." But who else, besides de Gaulle, could claim that their faith in that goal had never wavered, that they had not taken at least a few weeks or months after the defeat to recover their nerve, and to decide what course of action was required of them? "Il n'y a pas de texte de démission," went the text of de Gaulle's appeal, with the date on it, showing that even before the armistice was signed he had known that he must carry on in the struggle, never doubting the ultimate outcome. Almost alone in the anguish and bitterness and panic of defeat, he had been able to see things in proportion.

Paradoxically, it was this very lucidity and confidence about the ultimate outcome of the war that was to make de Gaulle such an awkward ally. He took it for granted that Hitler would be defeated, and he knew that this did not depend on the contribution to be made by French forces. He

wanted that contribution to be as great as possible for the sake of French power, prestige, and above all self-respect, in the post-war world.

The danger he saw was not that Hitler might win but that the Allies would take France for granted and ignore her interests. It was not enough that Britain, or later the US, should make use of French talents and French resources in pursuing the struggle against the common enemy. France, even though defeated and occupied, had to be seen to take part in the struggle in her own right, as a proud and independent power, united behind a single leadership.

That leadership fell to him because, in June 1940, he was the only person willing to assume it. "Depuis le ride affirme du renoncement général, ma mission m'appelle, d'un seul coup, claire et terrible. En ce moment, le père de son histoire, c'est à moi d'assumer la France." (In the fearsome void left by the general desertion, my mission stood out with a sudden and terrible clarity. At this moment, worst of any in her history, it fell to me to assume

the destiny of France.) Having once decided that, he had to insist on his exclusive right to represent France within the Allied camp, and to issue orders to French soldiers and citizens.

The picture of a solitary combat against predatory allies which he paints in his war memoirs is based on the historical facts, but heightened because the picture itself was part of Gaulle's self-justifying myth: "*Le France émera et contre tous.*" Thus de Gaulle frequently expressed admiration, and sometimes gratitude, towards Churchill, but he never really admits how much France's recovery as a world power at the end of the war resulted from the deliberate British policy.

He was deeply charmed at not being invited to the Yalta summit in February 1945, and in later years assiduously cultivated the myth that Yalta had been the origin of "the policy of blocs" by which the rival superpowers cynically divided Europe into spheres of influence. Yet it was at Yalta that Churchill persuaded a reluctant Roosevelt and even more reluctant Stalin to accept France as one of the four occupying powers in postwar Germany.

De Gaulle did not believe in gratitude or sentiment as principles of foreign policy. When foreign governments invoked such motives, he assumed readily enough that they were doing so as pretext for advancing their national interest. When French people did so he saw it as a sign of weakness, of what he believed was "the natural propensity of the French to yield to foreigners and to quarrel among themselves."

Like today's British prime minister, he was deeply suspicious of the habits of mind of professional diplomats and other civil servants he had developed during a generation of weak political leadership.

Among those who in their careers had had to deal more or less closely with external affairs, concession was most often a habit, if not a principle. Many took it for granted, from experience acquired under a weak and unstable regime, that France never said "No."

De Gaulle was a pure product of the age of nationalism. He took for

granted that nation-states are the main actors in the international system, that they define the primary identity of individuals and should be the primary focus of their loyalty.

Only two nations in Europe, in his view – France and England – had a clear enough historical and geographical identity to play this role satisfactorily. (He allowed Holland as a possible third, but Holland was not big enough to be really interesting to him.) Most of Europe's problems, as he thought, resulted from the lack of such clearly defined nation-states, and particularly from the ambiguous nature of Germany, a half-formed nation without proper frontiers, condemned to trade on others in its restless search for its own identity.

Yet on his return to power in 1958 de Gaulle seems to have concluded that in the post-war world the main threat to France's independence came no longer from Germany but from domination by the two super-powers. Not that he put the two on the same level. So long as Europe was divided, France clearly belonged on the Western side: for that very reason, her immediate preoccupation had to be with defending her independence against US hegemony. Of course, subjection to Soviet hegemony would have been far worse. But that was not the question, any more than the question in 1940 had been whether to fight Germany or not. The basic alignment being given, the task of the national leader was to guard against the encroachment of his allies on national sovereignty.

De Gaulle shared, or anticipated, Thatcher's deep dislike and contempt for supranational institutions such as the Brussels Commission. But he came to see European unity as something necessary to free Europe from the US, and also Soviet domination. He wanted "a European Europe," by which he meant one capable of acting independently – above all from the US.

If de Gaulle were alive today, he would rejoice at the dissolution of the Europe of Yalta. He would welcome the recovery of independence by East European nations, especially those traditionally allied to France such as Poland, Czechoslovakia and Romania. He would probably seek, as François Mitterrand is doing, to bind the resurgent Germany more closely to France and other European nations.

He would worry about the apparent collapse of Soviet power and its effect on the European balance. He would probably want to keep some US forces in Europe as a counter-weight to German power, but he would be intensely suspicious of US proposals to "politicise" Nato or "institutions" like the Helsinki process, which he would see as aimed at prolonging American hegemony and extending it to the entire continent.

And when he learned that Thatcher was proposing a role for the dollar in the European Monetary System and a free trade area between North America and the European Community, he would reflect once again how right he had been to keep Britain out of Europe, and how foolish his successor Pompidou had been to let her in.

Acacia Avenue grapples with the ERM

The Long View



BARRY RILEY
Entry to the ERM would pose a teasing paradox in its impact on the future health of the UK housing market

housing market, let alone with credit demands in the rest of the economy.

It seems that £20bn a year of new credit can scarcely sustain house prices; values have stag-

nated (or worse) in the south for two years now, implying a fall in real terms of some 15 per cent (or worse if you are a forced seller). Heavy mortgage lending is needed to finance the sale of property at high prices from one generation to the next, so what would happen if the flow of credit were cut to, say, £15bn or £20bn?

On a purely domestic view it would scarcely be possible to bring interest rates down at all. But financial innovation is a rapid process. Within the ERM, D-mark-denominated mortgages would become much less risky than they are now, and a flood of DM lending at 15 per cent rather than sterling lending at 16 per cent would surely ensue. Alternatively, mortgages based on the bond market rather than on short-term deposits would become much cheaper. High short-term sterling rates might therefore become increasingly irrelevant to the housing market.

All the makings would be there of a dangerous temporary house price bubble which could only be headed off by structural changes. For instance, tax relief on mortgage interest could be withdrawn on the excuse that borrowers were benefiting from a sharp fall in interest rates and no longer needed a tax subsidy. But this surely could not happen before an election.

It is a question – as with the unsustainable rate of pay increases – of how quickly ERM participation will change attitudes in Britain, and what

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(Source: Micropal – offer to bid, with or without income reinvested. All figures to 30 June 1990 – UK Equity Income Sector.)

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LONDON

FINANCE & THE FAMILY: THIS WEEK

Fair exchange — or robbery?

Sara Webb compares the exchange rates offered by the major credit cards when you use them abroad — and finds some of them wanting. Plus Christopher Hill on the problems of getting permission to live abroad. Page IV

Door is shut on tax loophole

The introduction of the community charge in the UK is likely to have a nasty side-effect for those employees who live in company accommodation and thus enjoy one of the few remaining under-taxed perks. David Cohen reports. Page VI

Minding Your Own Business

Roy Hodson meets a trio of contented entrepreneurs who run their own train tours through the Scottish Highlands. Plus Jessie Alexander on a businessman who found a niche in a niche sector and Verina Glaesener on a specialised small company. Page VII

BRIEFCASE: The security of offshore accounts — Page VI

British Aerospace

Share price (pence)

580

570

560

550

540

530

520

510

500

490

Apr 1990 Jun

Electricals

FT-Auctuaries Index

2700

2600

2500

2400

2300

2200

2100

Jan 1990 Jun

Profits upgrading lifts British Aerospace

British Aerospace moved strongly ahead last week following a profits upgrading by Hoare Govett, the company's broker. BAE closed 50p higher on the week at 566p. Mike Tamplin at Hoare Govett said the impact on profitability of the recent industrial dispute between BAE engineering workers and the company had at first been difficult to predict. However, it had now become clear that BAE was making a strong recovery. Tamplin said he had raised his profit forecast for the current year to £335m from £285m. Jim McCallum

Bumpy ride for electrical stocks

Electrical stocks had a bumpy ride as results from the Racal Twins, Electronics and Telecom, and Cable and Wireless led to some cautious forecasts from analysts. The Racals were hardest hit. Profits were a little below expectations and analysts duly lowered their forecasts for the current year. Cable and Wireless' figures were what was expected and most researchers were content with their forecasts. The problem with the three companies is that as highly rated growth stocks the shares carry appropriately hefty price tags. If the profits they produce are only "all right" the shares are perceived as expensive and underperform the market. This week all three retreated against the market trend. Daniel Green

Building Society complaints rise

The number of complaints to the Building Society Ombudsman jumped to 2,021 last year from 1,217 in the previous year. Many of the complaints — 540 in all — were linked to Abbey National's flotation in July last year. If you have a complaint about Abbey National which falls inside the Building Society Ombudsman's terms of reference, it can still be dealt with provided that you lodge it before June 30 this year. Of the total 2,021 complaints only 34 ended with a ruling wholly in favour of the complainant, though many others were amicably resolved along the way. Cash machines and insurance continue to be the main topics taken to the Ombudsman.

■ Building Societies Ombudsman, Grosvenor Gardens House, 35-37 Grosvenor Gardens, London SW1X 7AW; tel: 071-931-0044. David Barchard

Remember your gas vouchers . . .

If you still have your gas bill vouchers from the time of the British Gas privatisation, remember that you have to use them before September 30 as they will no longer be valid after that date. When British Gas was privatised, investors buying shares could choose whether they wanted to receive vouchers for paying off their gas bill. However, of the 2m vouchers issued, 50,000 vouchers still have not been used. If you cannot recall receiving or using your voucher you can check whether you are entitled to one by telephoning the British Gas Enquiry Line on 0272-294168 or by writing to the National Westminster Registrars, Registrars Department, Caxton House, PO Box 340, Rectory Mead Lane, Bristol BS9 7SQ. The enquiry line is open from 8-6 on weekdays and 8-12 on Saturdays. Sara Webb

Stockbroking team moves

The private client stockbroking team at Kitcat & Aitken moved to Henderson Crosthwaite this week. Stockbrokers Kitcat & Aitken, one of the best-known stockbroking names in the City, were closed by the Royal Bank of Scotland earlier this month. Nicholas Bagshawe, who headed their private client business, and his team of four stockbrokers who looked after about 1,000 private clients, have now joined Henderson Crosthwaite, a subsidiary of Guinness Mahon, which claims to be one of the five largest private client brokers in the UK. Sara Webb

New account from NatWest

NatWest launched its Card Plus account this week, a cash card-based interest-bearing current account which pays 6 per cent per annum. There is no minimum balance requirement and no overdraft facility. NatWest is hoping to woo school-leavers by offering them free album vouchers worth £12. The account is also open to 13- to 16-year-olds, although they will not be allowed to have a chequebook or Servicecard (the combined cheque guarantee and cash withdrawal card). Sara Webb

Footsie follows in football's footsteps

WITH THE pick of the world's footballing nations (and Scotland) beginning their quadrennial quest for fame in Italy, it was perhaps fitting that the UK stock market should this week exhibit some of the most familiar and endearing traits of Bobby Robson's England XI.

Like England, the market flattered to deceive that it could compete at the highest level, climbing on Thursday morning to within 40 points of the all-time peak of 2,463.7, attained on January 3. But, jolted by a turn for the worse on Wall Street and the higher-than-expected rise in the Retail Price Index for May, its performance at the tail-end of the week was disappointing. Satisfactory US trade figures released early Friday afternoon at least helped to ensure that the FT-SE 100 Share Index's overall weekly advance was maintained at respectable levels.

After an extraordinarily buoyant May (analogous to

England's recent 17-game unbeaten run) and a solid early June, an own goal was registered on Monday when the first of the week's economic releases pointed to a sharp rise in domestic retail sales.

Fortunately, an unexpectedly firm opening on Wall Street paved the way for a late equaliser and the FT-SE 100 Share Index closed an unremarkable 17.8 down at 2,348.8. It was a *Financial Times* report the next day that an early entry into Europe was under preparation that really set the ball rolling. The report stated that the British Government was preparing to take sterling into the European Monetary System's exchange rate mechanism in September or October. The effect was immediate and quite dramatic, with Footsie following the pound and gilt-edged bonds to higher ground.

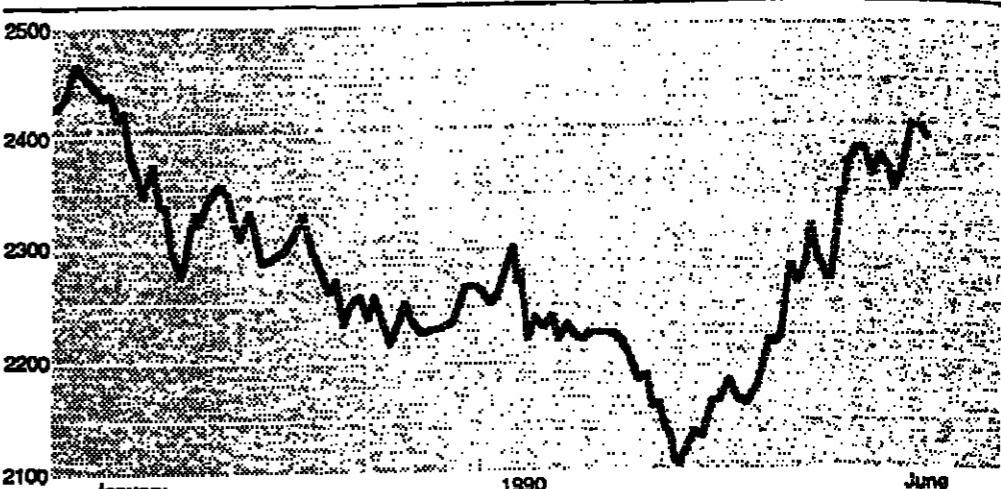
The momentum was sustained on Wednesday, with Footsie achieving its first close-

ing level above 2,400 in more than five months. A welter of favourable factors, ranging from helpful economic statistics to better-than-expected corporate results, combined with the residual impact of the ERM rumours to propel the market forward. Volume was much improved too.

However, whereas Wall Street had ridden to the rescue on Monday, it became the villain of the piece three days later, jolting London's early self-assurance through an abrupt initial fall. In the end, Footsie maintained its precarious toehold above 2,400, closing down 2.4 at 2,403.0.

The bearish tone immediately reassured itself on Friday, however, sustained by the worrying 9.7 per cent advance in the May RPI, and the market closed at 2,392.3 — down 10.7.

At the end of the week, the consensus in terms of the driving forces behind stock market sentiment was that little had

FT-SE 100 Index

changed. The effect of the renewed ERM speculation merely served to underline the extent to which the bull case is politically motivated, to wit that early entry into the mechanism, coupled with the need to mollify voters in advance of a General Election, could trigger lower interest rates and hence produce a kinder, gentler business environment.

The importance of Wall Street in providing a more tangible plank to the bulls' platform was also reiterated by the speed with which the cloud that began to afflict New York towards the end of the week crossed the Atlantic.

Domestic economic statistics, meanwhile, continued to provide succour for the bears, particularly with regard to inflationary expectations.

On Monday, higher than expected retail sales for May provided fresh evidence of strong consumer demand in defiance of high interest rates.

City analysts pinpointed the underlying 9.5 per cent rise in wages as the driving force behind the provisional 1.1 per cent rise in the Central Statistical Office's retail sales volume index.

Further evidence that inflation was alive and well and heading for double figures was provided yesterday by that 9.7 per cent May RPI advance.

On a brighter note, the pervasively buoyant atmosphere on Wednesday was helped by the revelation that last year's UK current account deficit

at £19.07bn — was nearly £2bn less than previously thought, due to an unexpectedly strong invisible trade performance.

If anything did shake the courage of the bears' convictions it was probably last week's batch of corporate news, which was surprisingly edifying after the prior week's rash of receiverships and administrations.

Admittedly, events started on a familiar and dismal foot, with the announcement that 1,000 employees of Coloroll, the consumer products company, were to lose their jobs. This was followed by Barclays Bank's decision to make a provision of £100m against its exposure to the collapse of British & Commonwealth Holdings, the financial services group shaped at breakneck speed by John Gunn.

But thereafter, the corporate scene was decidedly rosier, as most of the handful of large companies due to report

unveiled higher profits.

The roll of honour included: British Steel — up 24 per cent at £733m; Anglian Water — comfortably above forecast at £86.1m; Cable & Wireless — ahead 25 per cent at £527m; the Racal twins (Telecom and Electronics) — up 85 per cent and 13 per cent respectively; VSEL Consortium — getting on for doubled at £30.85m (a development that sparked a more than 10 per cent improvement in the defence contractor's share price); and Smith New Court — which rebounded to a profit of

£14.5m after the prior year's loss.

The market even looked favourably among some of those to report a profits downturn. The clearest examples of this occurred in the depressed construction sector. Meyer International, Britain's largest distributor of building materials, was ahead 21p to 359p on Tuesday despite a 19 per cent decline in pre-tax profits. A day later, Regalman Properties, the commercial and residential developer, climbed 2p to 71p after it unveiled profits more than halved from £25.99m to £11.05m.

In Jimmy Greaves' parlance: "it's a funny old game."

The week's most buoyant stock was Reuters, the news and information organisation, which surged to four all-time highs in as many days to finish at 1,294 yesterday, 44p higher on the day.

The advance was helped along by much talk of US joint ventures, culminating in a leaked story that the Chicago Board Options Exchange and the American Stock Exchange were developing a screen-based system for trading in equities, options and indices, which would be carried out on Reuters screens. This was on top of the imminent joint venture with the American Stock Exchange to serve the market in privately placed securities in the US.

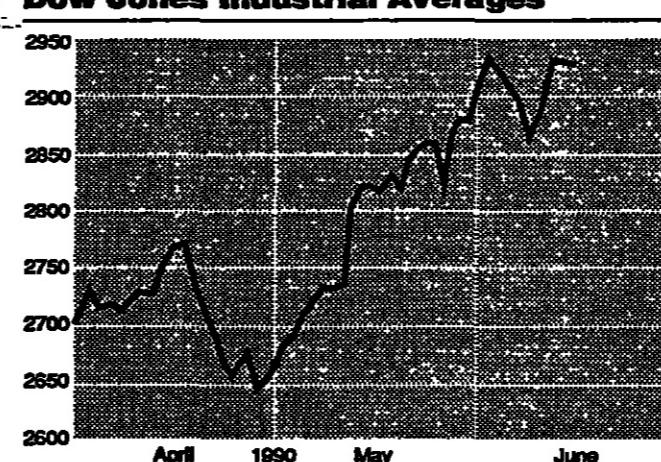
David Owen

HIGHLIGHTS OF THE WEEK

Price y/day	Change on week	1990 High	1990 Low	
FT-SE 100 Index	+25.7	2463.7	2103.4	UK ERM entry speculation
Alexion	+45	493	392	Analysts upgrade after results
Bowater	+24	545	414	Further consideration of rights issue
Debenhams (JA)	-17	165	163	Foot Squares
Flasons	-19	355	316	Analysts' caution on drug prospects
Flexital Castors	-48	98	88	Interim loss
Granada	-24	254	218	Bid talk denied/stock ght
Pitney Bowes	+19	125	90	Strong & Fisher bid speculation
Recal Electronics	-10	204	180	Analysts downgrade after results
Reuters	+91	1294	970	US stock exchange deal imminent
Santini & Santchi	-112	912	275	Line of stock on offer
Strong & Fisher	-4	31	25	Might bid for Pitney Bowes
VPI	-4	16	75	Interim loss
VSEL Consortium	+50	388	276	Increased profits
Wessex Thermoform	+34	257	209	Better-than-expected results

WALL STREET

A hold-up for credit

Dow Jones Industrial Averages

other members of the administration have been urging for weeks now.

But any Fed action may still be a little way off, for the economic indicators which have had the stock and bond markets gyrating since the start of the year are still throwing up a mixed pattern, albeit one which is pointing increasingly to slow economic growth and moderating inflation.

This has been highlighted by this week's batch of statistics and Wall Street's uncertain reaction to them. Figures on inflation had a calming effect, being well within the markets' expectations.

The important consumer price index figures for May showed a 0.3 per cent rise, excluding the volatile food and energy sectors. The April trade figures were also somewhat better than expected.

Retail sales, meanwhile, fell 0.7 per cent in value in May. This is the first time sales

have fallen for three months running since the recession year of 1981. Nevertheless, Mosbacher's view was that although the retail picture was not "good in itself" he saw little chance of recession in the near term.

So far so deflationary, and bond prices climbed accordingly. However, yesterday also brought news of a larger than expected jump in industrial production for May, which rose by 0.6 per cent, well above the consensus forecast of 0.4 per cent. That seemed likely to remove any enthusiasm at the Fed for an early cut in interest rates, and the bond market went into reverse yesterday.

Equities, for their part, spent the early part of the week rallying back toward the all-time high set by the Dow Jones Industrial Average at the start of this month but then drifted down in fairly thin volume as investors

Sometimes a mere hint of action may obviate the need for any.

Monday 2882.57 + 30.19

Tuesday 2883.42 + 40.55

Wednesday 2888.95 - 3.47

Thursday 2884.52 - 1.45

FINANCE & THE FAMILY

Uncovering the secrets of society membership

ARE YOU a building society member? Thousands of people who thought they belonged to Abbey National before its flotation a year ago were disappointed to discover that for one reason or another they did not qualify — and so did not receive the 100 free shares on its flotation.

Traditionally building societies were owned by their customers, whether they were savers or borrowers. This is known as mutual ownership. But quite a few of the new building society products do not confer membership.

If you are a Halifax saver, for instance, and shift your

Last year's Abbey National flotation brought qualifying members £140 worth of free shares (the value of which has subsequently shot up from £140 to more than £200 per share). If you happen to be a qualifying member of a society which is taken over and demutualised, analysts calculate that you should be able to look forward to a cash payment of £400 or more.

Membership is also important if your society proposes a merger with another society. You will be able to vote on the change, provided you have £100 in your account, and will pick up any bonus on offer, which can be 2 or 3 per cent on your savings balance.

It is disturbing therefore not only that societies like Halifax do not always make it clear to their customers whether or not their accounts confer membership, but also that branch staff do not always seem to know much about membership of the society either.

Halifax branch in London told me recently that Cardcash confers membership. It doesn't issue this type of capital and there have been lengthy talks with the Building Societies Commission to get around legal difficulties. Nationwide Anglia hopes that the 1991 Budget will include proposals allowing societies to issue new capital while preserving the society's mutual status.

Legally societies cannot yet issue new shares without the help of the Building Societies Commission to get around legal difficulties. Nationwide

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Andrew Freeman on a rather salacious investment

Eurobonds: not just for the Belgian dentist

EUROBONDS have long been thought of as the preserve of the "Belgian dentist" — the moderately wealthy professional looking for good returns and a bit of excitement. Hop on the coupon express (the train into Luxembourg at coupon payment time), collect the dividend and put the tax-free funds in the bank. A salacious mixture of financial gain and outwitting the tax authorities — few investments could be more fun.

A Eurobond is an international bond offered outside the issuer's domestic market. The interest is paid free of any local withholding tax, which makes these bonds attractive to non-taxpayers, and as Eurobonds are issued in bearer form, rather than registered form, they can be popular with those who want to avoid paying tax.

For some reason, Eurobonds have never really taken off in the UK. Perhaps the prospect of a cross-channel coupon ferry was not exciting enough; perhaps investors knew too much about British Rail express trains. The fact that new issues cannot be sold directly in the UK does not help. But as the European market coalesces towards unification, more and more investment advisers think UK-based clients should be taking a hard look at some of the opportunities enjoyed by their international and continental counterparts.

Hambros Bank, for one. It recently launched a new service aimed at enticing UK private clients to join its international client base. It is unashamedly pitching towards the wealthier end of the high net worth individual market. The first thing you learn upon opening its hard-backed brochure is that you are the owner of a limited edition.

According to Phillip Cassen, manager of the private client section, the bank is focusing on the business for the first

time. "We used to treat this area on an *ad hoc* basis. Now, our clients have a personal service. They ring direct to their own contact in the dealing room. That puts them in touch with expert advice," he says.

The bank is reluctant to set a minimum account size for fear of deterring potential customers, but agrees that Eurobonds are not for first-time investors. The selling of such investments is covered in the UK by the Financial Services Act. Banks can sell secondary market bonds to any UK investor, so long as they stick to the so-called suitability rule. "We won't hesitate to tell investors that they would be better off in a managed fund," says Cassen.

Eurobonds should be seen as part of a wider portfolio of investments

ers are well-known names with fine payment records and there is no currency risk.

The attraction of zero coupon bonds is that they require a smaller capital outlay and offer a firm redemption yield (unlike other bonds, calculations do not have to assume the reinvestment of coupon income at similar interest rates).

British Telecom's £200m deal matures in March 2000. It is trading in the secondary market below its issue price; Ham bros was offering the bonds in mid-week at 33% and they will be redeemed at 100 in (other words if you invested £32.25 you would receive back £100 on maturity). In any portfolio, locking into a near 200 per cent increase over 10 years would be attractive.

A shorter-term alternative is the Alliance & Leicester Building Society's £260m issue maturing in December 1995. It could have been bought last week for 51%. Like the Telecom bonds, it will be redeemed at par, or 100. A few weeks ago, its price dropped below 50.

To the wider case for investing in Eurobonds, there are caveats, of course. They are risky (at least, that is what your investment adviser will feel obliged to tell you). You should be aware that prices fluctuate, that the market can be illiquid, which makes it less easy to trade the Eurobonds, and that regulations are not particularly tough.

However, you can take simple steps which can reduce some of the main risks. Stick to top-rated credits, borrowers with good reputations who are least likely to default on their obligations. And avoid over-concentration of holdings in a single currency or maturity.

If you really want to add some excitement to your investing, you could always take the flight to Brussels and join those dentists on the coupon express...

FINANCE & THE FAMILY

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share*	Market value before bid	Value of bid CSE**	Shareholder
<i>Prices in pence unless otherwise indicated</i>				
Aquascutum	550*	550	14.28	Renown Inc.
Do. A	200*	137	14.43	Renown Inc.
Crystallite	94.1*	82	73	TIT Group
Crystallite	62.1*	82	73	Vishay
Globe Inv. Tst	191.1*	264	174.1	Br. Cos. Pen. Pl.
Int'Colour Minigl	120*	89	14.26	Emperial Electrical
Mercia	90.3*	82	82.65	Rank Org.
Merz Corp. Pl.	75*	71.1*	56	Rank Org.
Optic Group	17*	15	14	Systems Related
Pennant Group	256.85	24	19	News Group
Tower Kenealy	150*	143	115	TEP
Tower Kenealy	178.5*	133	133	Asahi
Trieus	-	-	-	-

*All cash offer. **Cash alternative partial bid. #For capital not already held. \$Conditions: Based on 2.30pm prices 15/5/90 FAI suspension. %Shares and cash

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (1990)	Earnings* per share (p)	Dividends* per share (p)
Acal	Mar	4,410	13,660	19.0 (15.7)
Albrighton	Mar	1,039	(255 L)	16.2 (7.0)
Alexon	Mar	21,303	(15,000)	42.0 (25.0)
Amersham Int'l	Mar	23,000	(21,400)	33.1 (25.5)
Anglian Water	Mar	1,000	(1,000)	42.1 (-)
Bilmet Industries	Mar	2,770	(704)	3.3 (1.1)
Blimpie Holdings	Apr	1,970	(1,720 L)	2.0 (1.0)
Blimpie Holdings	Mar	7,33,000	(5,93,000)	28.2 (8.5)
Blimpie Holdings	Mar	7,900	(5,470)	15.9 (12.4)
Brownstone Inds.	Mar	14,530		

SUMMARY FINANCE & THE FAMILY

Expatriates: Christopher Hill on the problems of getting permission to live abroad

Red tape and residency wrangles

REMEMBER ALL those black and white movies where the traveller is held by the grizzled frontier official "your papers do not appear to be in order" before being led away to an uncertain fate?

Well, perhaps a diet of Graham Greene is not a good preparation for a permanent move to Mitteleuropa but it is a fact that dealing with all the paperwork involved with becoming an expatriate can be an intensely frustrating experience. And it is not just a case of squaring the various tax authorities, buying a house and making a will (all minefields in themselves).

If concerns what might appear to be the more mundane chores, such as taking up residence, transporting your household effects and setting up your phone and electricity on arrival.

It has been said that the difference between Germanic and English-speaking countries is that in Germany everything that is not specifically allowed is forbidden, and in England everything that is not specifically forbidden is allowed.

Certainly, anything that is out-of-the-ordinary has a tendency to rattle officials in Switzerland and Austria. And as far as they were concerned, my wife and I were out of the ordinary.

We wanted to become resident in Switzerland in the relatively un-fashionsable Canton of Thurgau and to spend part of the year in a remote part of Austria.

Dealing with Switzerland first... not the easiest place to establish residence, but we were assured that it would be a piece of cake since my wife is a Swiss national. It has proved to be a little more difficult. Basically, this is because there are far more authorities to deal with in Switzerland than would be the case in England.

"First, I filled in a lengthy form in English and German supplied by the Swiss Embassy in London. Then, I had to turn up at the "Einwohnerkontrolle" (inhabitant control) at the local "Gemeinde" (town hall) which made me jump through various documentary hoops so that they could pre-



pare my case for assessment by the "Fremdenpolizei" (literally, "stranger police") at cantonal level.

Curiously, it is the little details which prove most troublesome. For example, at communal level, the official was most insistent on being provided with a "good conduct" certificate from the police in one's home country. We explained that this did not exist in Britain but she found this clearly unacceptable.

"Even the Turks have it," she said triumphantly. In the end, it was solved by the British Consulate in Zurich which, for SFerl gave us a bit of paper stating that this certificate could not be provided. The few pieces of paper like this - the unhappy everyone gets - is the problem being that in Swit-

zerland you have to officially register every move you make. Quite a contrast from Britain, where even football identity cards create a furor about "Big Brother".

Austria was more relaxed but only because we did not wish to become resident there and had purchased a farm house in a place where, as they put it in the local town hall, "we don't have too many foreigners."

Even so, our purchase had to go before a number of commissions, including an "Ausländer" Commission (foreigner commission), where it was opposed by a local farmer. This put the lawyer handling our purchase in quite a fix (so we were told later) although fortunately it was all eventually resolved success-

fully. But not before he had unearthed an ancient law of the Austro-Hungarian Empire stating that a Swiss citizen has equal rights with Austrian citizens where house-purchase was concerned.

The other difficulty is that in both Switzerland and Austria there is a tendency to expect you to be physically present at every step. For example, lawyers are not happy to represent you at police stations to register your arrival and bank managers would rather that you were present at the town hall to register a new mortgage in the "Grundbuch" (land registry book).

This even extends to moving your household goods. Getting a few sticks of furniture across the Austrian border caused such a commotion that one

would have thought it was a consignment of heroin. Although we had taken particular care to have all our papers in order (using a specialist removal firm) the Customs officials still wanted us, accompanied by an Austrian agent, there to meet the van. The reason: "to establish the physical connection between the goods and the owners."

My wife dug in her heels at this point and said there was no need for us to turn up, and all went well. But it was a brave thing to do.

Then, when you get into your new home you have a stream of officials turning up with various forms - even chimney-sweeps. In Austria, you are forced to have your oil central heating system cleaned at ludicrously regular intervals. It was quite a surprise to be greeted at 8 am by sweeps complete with black uniforms, antique brushes - and a form to sign.

One tip for the unwary: do your best to prevent the phone being cut off before you arrive. Getting reconnected in Austria is so difficult that before long you are saying "come back British Telecom, all is forgotten".

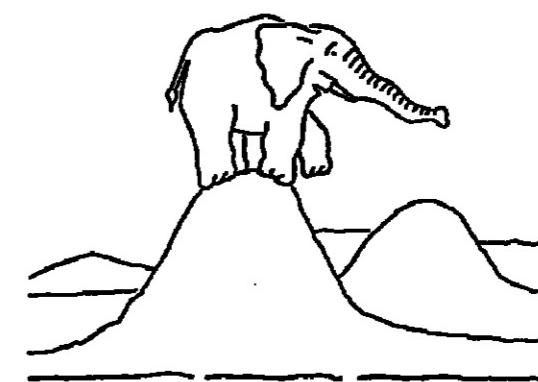
The typical waiting period is at least three months, largely because the forms are processed centrally through the communications office. Even the man who installed the phone said he had to wait six weeks to have his own put in. We managed to do better than that but only because my wife made a sign of herself.

Finally, another problem is that there seems to be an antipathy to writing letters in both Switzerland and Austria. You send off forms and you receive other forms in return without covering explanatory letters. If you are not fluent in German or French they leave you none the wiser. And even if you are, it doesn't seem to get you very far.

Even so, I did feel a thrill of achievement when I recently got back a "paper" from the "Gemeinde" with a stamp that I had officially "arrived" in Switzerland. All I need now is a clearance for residence from the "Fremdenpolizei". So I'm saying no more just in case my papers might never be in order.

And then on to the next hurdle: registering my car with the Swiss traffic police...

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LOOKING BEYOND THE NEXT BOOM

In March of this year Stewart Ivory were ranked 5th out of all management groups in 'What Investments' Management Group Of The Year.

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And that's our goal for the future. For when the next stock market boom arrives our aim is not just to make short-term profits, it is to deliver long-term consistent results. With that in mind our management team is carefully examining future growth companies around the world and seeking to deliver strong portfolios that go beyond the short-term peaks and troughs.

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Travel Money

DIFFERENT EXCHANGE RATES USED BY CREDIT AND CHARGE CARDS									
Currency	Market exchange rate into £	Barclays	Lloyds	American Express	Midland	Natwest	Diners Club	MasterCard	Visa Card
French francs	9.555	57.56	9.40	58.51	9.4528	58.19	9.5384	57.88	9.4697
550 Spanish pesetas	175.55	28.47	171.88	29.09	172.84	28.93	174.08	28.72	173.49
5,000 US dollars	1,6755	179.05	1.64	182.93	1.8508	181.73	1.6715	179.48	1.8578
300 Hong Kong dollars	12,9913	115.46	12.77	117.46	12,9529	115.80	13.01	115.29	12,9198
1,500 Yemeni Dinar	0.7726	1284.33	0.76	1315.79	-	-	**0.77146	1298.24	0.7649
1,000 Burmese kyats	10.778	18.56	10.33	19.36	-	-	**10.53	18.89	10.66
200									18.76

*Master Card #Visa Card **Converted to \$ at regional center and then into sterling #Money supplied by NatWest

Fair exchange — or robbery?

HOW COMPETITIVE are the exchange rates offered by credit or charge cards when you use them abroad? Which cards offer the best and worst rates?

As a test, Finance & the Family picked six foreign currency transactions in an assortment of both popular and obscure currencies: French francs, Spanish pesetas, US dollars, Hong Kong dollars, Yemeni dinars and Burmese kyats. We asked the various banks and charge card organisations to supply the exchange rates for conversion into sterling. The accompanying table demonstrates the wide range in rates for transactions made on Monday June 4, and shows how much you would have been billed in sterling as a result.

Barclays scored worst in this exercise. It uses its own tourist exchange rate for both the Visa and the MasterCard transactions.

Neither American Express nor Diners Club offer very competitive rates. Amex says it uses the wholesale rate (which major banks use when selling currencies to each other) and adds a 1 per cent commission to the transaction to cover the cost of the currency conversion. Diners Club also adds a 1 per cent fee after using a commercial bank's selling rate.

Legal & General is launching an improved version of its guaranteed pension fund that protects investors against stock market losses.

The second issue of its Guaranteed Equity Fund II guarantees that from the period July 2 1990 to July 2 1991, the unit price will not fall, even if the FTSE 100 index falls, but will rise by 110 per cent of any increase. This is an improvement on the first issue which also offered protection against any fall in the market but guaranteed to provide only 95 per cent of any increase.

A READER has written to Finance & the Family to complain about Eurocheques.

"We have used Eurocheques on holiday for the payment of shopping bills and restaurants as well as obtaining cash without any additional payments being required. This year we paid rent of £500 for a villa in the Algarve to the owners, who are residents there, non-paying the payment in Escudos. Our card was debited with a £20 charge by Lloyds and a further £10 from Lloyds International branch."

"I have been told that the payment for rental was a 'complaint transaction' and therefore liable to a charge. We could, had we known, have taken cash in Escudos for the value of £100 each day for three days prior to paying the rental. No charge would then have been made. The situation seems absurd but I hope that publishing this fact other readers may be saved this charge."

For Lloyds to charge the equivalent of a 10 per cent commission on this reader's transaction appears scandalous. However, if you use Eurocheques you should check

Midland, NatWest, and Lloyds offer identical rates on French francs, Spanish pesetas and US dollars, but of the three only NatWest came up with a

reliable rate for Yemeni dinars, after converting to dollars first. These banks use a commercial selling rate but do not add a commission or fee. All three

offer MasterCard and Visa to their customers although Lloyds' Visa card is a direct debit card rather than a credit card. The exchange rate quoted in the left-hand column is the mid-point between the bank selling and buying rate as quoted in the Financial Times.

On small purchases, such as some of the ones illustrated, the difference in exchange rates used by the card companies may only "lose" you a few pence. However, if you buy goods or pay for hotel and restaurant bills abroad, your credit card or charge card bill could easily mount up to several hundred pounds, and once you start building up bills equivalent to around £1,000 abroad you may find that the discrepancy between different cards amounts to as much as £20.

In all of the cases described, the bank or charge card company uses the exchange rate on the day that it receives the claim, not the day that you paid for your purchase abroad. With Midland, NatWest and Lloyds you have 25 interest-free days from the date of your statement, whereas Barclays allows up to 56 days credit. With Amex you have to pay your statement at the end of the month and thereafter the interest charge is "punitive" said a spokesman - so beware.

scheme, you can benefit from "pound cost averaging" (the size of purchases varying in line with market movements).

The UK's first investment trust electronic dealing service will be launched in stages from the end of July by AT&T Ictel in conjunction with NatWest Stockbrokers and County NatWest Woodmac.

Commissioned by the Association of Investment Trust Companies, it will make the buying and selling of investment trust shares easier for financial advisers and their clients.

IN BRIEF

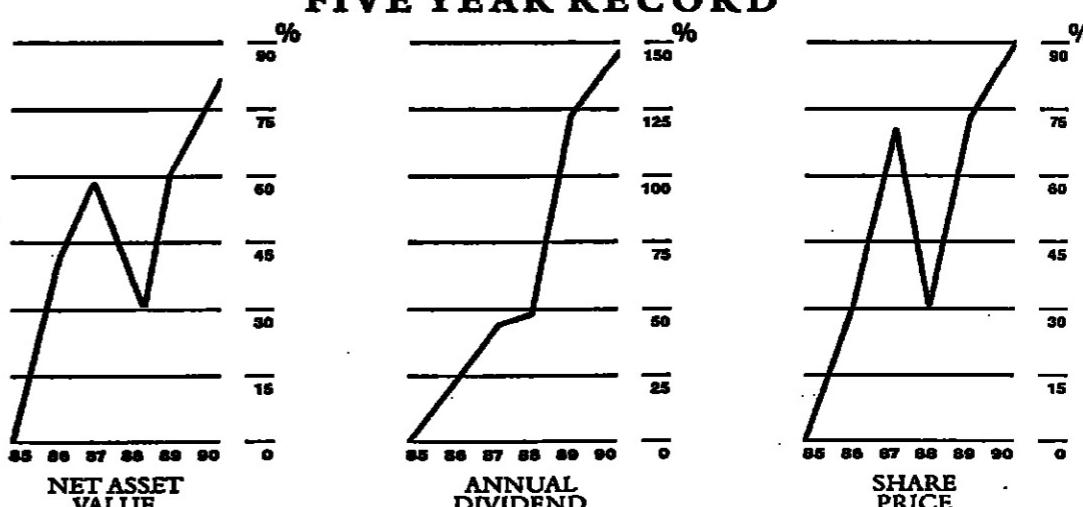
The offer is open to new investors owning the group's pension plans, while investors in the existing fund can move to the improved version. Closing date for the second issue is June 29; any sums received before that will be held in a cash accumulation fund.

Edinburgh Fund Managers has launched a special purchase scheme to provide small investors with cheap dealing charges for three of the investment trusts it manages: Brit-

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EDINBURGH
INVESTMENT
TRUST
plc

FINANCIAL
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FOR YEAR TO 31 MARCH 1990
NET ASSET VALUE
UP 12%
ANNUAL DIVIDEND
INCREASED BY 30%
SHARE PRICE
UP 14%

FIVE YEAR RECORD



Percentage increase from 31 March 1985 - 31 March 1990

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INVESTING FOR BEGINNERS

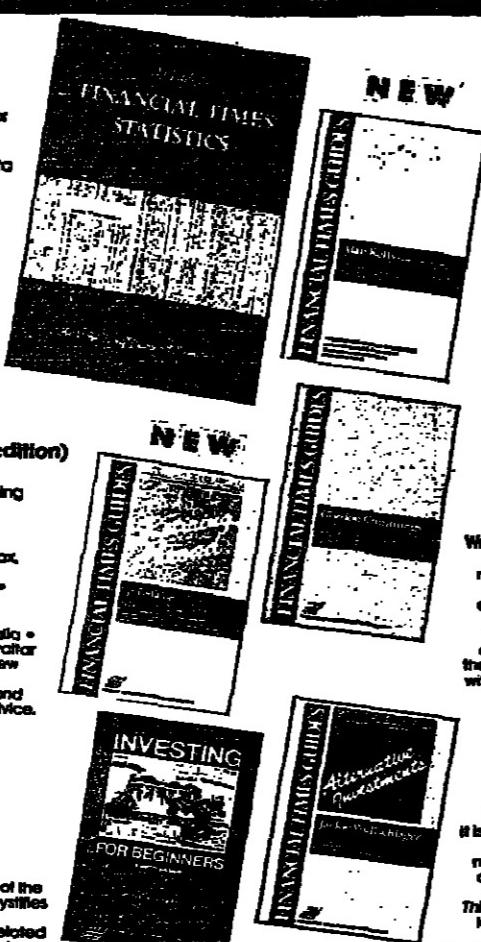
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THE INDEPENDENT INVESTMENT MANAGERS

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FINANCE & THE FAMILY

Door is shut on tax loophole

APART FROM its much-heralded direct consequences, the introduction of the community charge - or poll tax - in the UK is likely to have a nasty side-effect for a significant number of employees.

Staff who live in company accommodation enjoy one of the few remaining under-taxed perks. The abolition of the rating system may well spell the end of this fiscal giveaway.

If you are provided with a roof over your head courtesy of your employer this almost always counts as tax-exempt benefit.

A few narrowly-defined categories - including those who are required to live in job-related accommodation - escape the burden altogether. But leaving aside such fortunate characters as lighthouse keepers and the occupants of numbers 10 and 11 Downing Street, the vast majority of accommodated employees will pay tax for the privilege.

The liability is calculated as follows: for each year for which the accommodation is available the employee will be treated as having received extra salary equal to the "annual value" of the property, less any rent he or she pays. The "annual value" is defined as the rent which the employer could have obtained from letting the property in the open market.

If employees really did pay tax on true rental value then the tax-saving tax-payer away from the perk would be eliminated; an employee might just as well take an equivalent amount of

extra salary and find his own home.

In fact, the Inland Revenue's practice is to take the annual value of premises as being the gross value of those premises for rating purposes.

Although supposedly based on rents, rateable values have not been updated since 1973 and as a result the rateable value of a property rarely exceeds 1 per cent of its capital worth, compared with typical rental levels of about 10 per cent. It is this disparity which has made staff accommodation so tax-effective until now.

There are currently two sets of circumstances in which this concessionary Revenue practice

For the time being, things are to continue much as before. In most cases, existing rateable values will continue to be used as the basis of the income tax charge.

However, this will obviously not be possible in the case of properties which are built after April 1990 and are therefore never rated. And it will not be appropriate to use existing figures if alterations to a property or a location after 1990 would have materially affected rateable values had the system still been in operation.

In both these cases the employer will be asked to estimate what the rateable value would have been had rates con-

tinued, and the Revenue will then decide whether the estimated figure is acceptable.

The Government recognises that the ad hoc use of an obsolete system can be no more than a stop-gap solution. So it has announced that "it is reviewing the long-term basis of the tax charge on living accommodation with a view to introducing in due course new rules for the future."

No hints have been given as to the nature of those new rules but it is unlikely that they will be as generous as the current arrangements. Government policy in recent years has been to encourage a shift from perks to salary, whittling away

David Cohen on how the introduction of the community charge will affect those who live in company accommodation

tic will not apply.

The liability is calculated as follows: for each year for which the accommodation is available the employee will be treated as having received extra salary equal to the "annual value" of the property, less any rent he or she pays. The "annual value" is defined as the rent which the employer could have obtained from letting the property in the open market.

If employees really did pay tax on true rental value then the tax-saving tax-payer away from the perk would be eliminated; an employee might just as well take an equivalent amount of

Offshore accounts security

I HOLD a number of interest-bearing bank accounts as well as a "call" offshore building society account. I have long been apprehensive about the security of such accounts. It seems to me to be easy for someone knowing one's account details and signature to make fraudulent transfers. Can you please tell me whether the ours is on the basis of the free Inland Revenue pamphlet CGT6 (1989)?

The problem is not so great in the case of drawings by cheque. However, in the event of a cheque book being stolen and mis-used, is the customer liable for any cheques presented, always assuming that the signature is a fair representation? If a transfer were effected as a result of a forgery (ie someone else purporting to sign your name to a letter directing a transfer) there would be no valid authority for the transfer and the bank or building society would have to bear the loss. This position could be altered if the forgery were made possible, or easier, by your negligence eg in enabling the wrongdoer to have access to your account details. Similarly, you are not liable on a forged cheque, but could become liable if you facilitated the wrongdoer's acquisition of your cheque book.

ceasing trading, would I have to pay the worth of the shares to the company and then claim the monies as a tax-free element after the company is wound up?

You are quite mistaken in thinking that you are entitled to £125,000 tax-free. This welcome news can be confirmed by your accountants on the basis of the free Inland Revenue pamphlet CGT6 (1989).

- Retirement: disposal of a business, which is obtainable from tax inspectors' offices. Question 1 and 3 do not arise, therefore.

The answer to question 2 is yes: a distribution in specie is treated as a disposal at market value, and corporation tax is payable accordingly.

■ You can be liable for payments due for the last six years, but it may well be that the Electricity Board will be unable to establish what was exactly consumed in periods which are not comparatively recent. You cannot be required to pay interest, and may well expect to be allowed time to pay if the amount claimed is very large (though you would not be entitled to delay payment).

■ Liability under case III of schedule D does not arise until the interest is actually paid.

2) The capital sum and interest when received by me? 3) If I predeceased the mortgagee, would the beneficiary of my estate automatically become the beneficiary of this particular asset without it being mentioned specifically in my will? 1) The yearly interest accrued but not paid to me? 2) The capital sum and interest when received by me? 3) If I predeceased the mortgagee, would the beneficiary of my estate automatically become the beneficiary of this particular asset without it being mentioned specifically in my will? 1) Liability under case III of schedule D does not arise until the interest is actually paid. 2) You will be assessable on the interest under case III of schedule D for the year in which the interest is paid. (If the interest were paid after the sale of the house on the mortgagee's death or earlier at the mortgagee's wishes, or if the indebtedness amounts to 70 per cent of the property's value.) 3) Yes, it would form part of the residue and thus pass to the residuary legatee.

Mortgage for a relative

I AM contemplating providing an elderly relative with a "roll up" mortgage: the capital sum and interest being returnable to me on the sale of the house on the mortgagee's death or earlier at the mortgagee's wishes, or if the indebtedness amounts to 70 per cent of the property's value.

What would be my tax position regarding:

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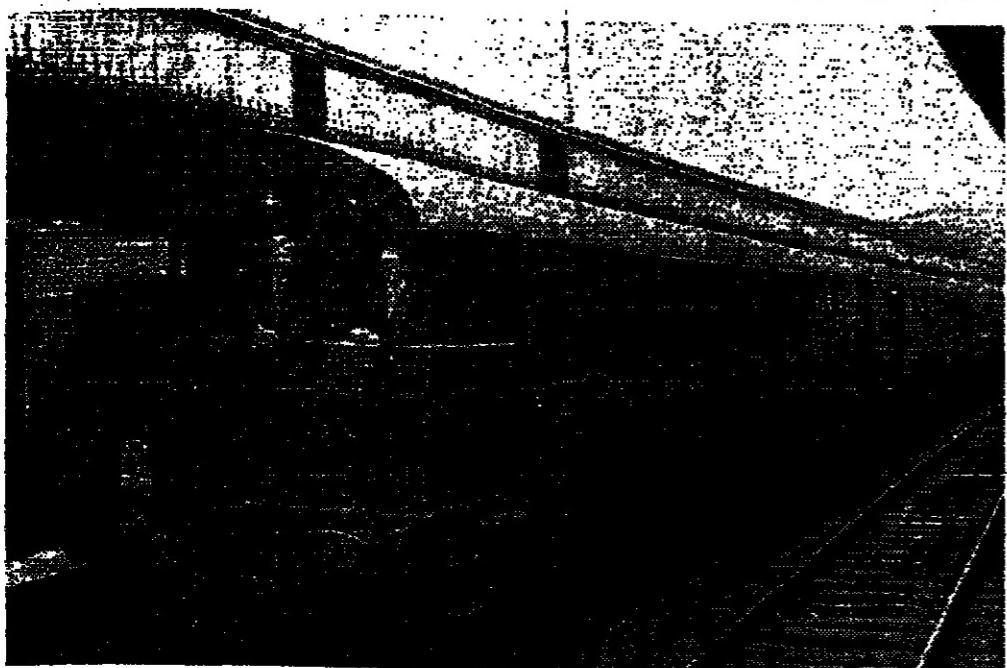
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MINDING YOUR OWN BUSINESS



Getting up steam: Fergus Hobbs and Stephen Cope on The Royal Scotsman

They're getting there

Roy Hodson finds a business on the right track

"IT'S A very nice little business," said Fergus Hobbs. And he sounded a contented man.

Hobbs, 43, and two partners, Michael Ryan, 33, and Richard Tibbet, 43, own train called The Royal Scotsman. They run it on British Rail track, hauled by a BR engine, and provide holiday train journeys lasting a week through the Scottish Highlands.

The three partners had been operating cruises on the French canals in the early 1980s when they thought about providing cruises without the bother of water. They wondered whether they could run a train cruise in France. However, the French railways did not want to a British-owned train operating on their track, and the idea came to nothing.

By that time the idea of owning their own train and — what's more — making money from it had built up a head of steam among the three. They sounded out BR. Their luck was in. Christopher Green, a BR manager with a reputation as a man of action who recently has been appointed director of Network South East, was then general manager of BR in Scotland. He was concerned that some of his Highland lines were seriously under-used. "He spotted re-

view in our proposal and readily gave us the go-ahead," says Hobbs.

Without any attempt at false modesty Hobbs decided that his new company should be called The Great Scottish and Western Railway Company. He is the chief executive.

From yards and sidings around Britain they found a selection of retired Pullman cars owned by train enthusiasts. They arranged to hire enough for a complete train, and began restoring them.

The new company arranged with SI, the venture capital company, in Edinburgh to put up £50,000 of finance. But as work proceeded they found they could cover costs out of their own resources without taking up the money.

The first train ran in May 1986 and the company has been in profit ever since, earning a pre-tax annual profit of roughly £100,000. Foreign visitors — mostly American, German, and Japanese — are prepared to pay £2,750 for a week cruising some of the most beautiful parts of Scotland.

After four years the success of the venture encouraged Hobbs and his partners to negotiate a substantial loan last year to buy and refurbish their own rolling stock. They borrowed £2m. The cost of se-

vicing the loan is roughly the same as the annual cost of renting the carriages.

Work on all last winter and on May 1 the first Highlands tour of the season left Edinburgh with a complement of 32 passengers looked after by 15 staff. Hobbs had an open balcony built on the rear of the new observation car and claims it is the only one on a passenger train in Britain.

The rest of the train consists of two dining cars (all the passengers dine at one sitting), a crew car, and the passenger cars with 16 cabins. There is an on-board train manager.

The most substantial element in the Royal Scotsman's annual operating costs is the annual bill from British Rail for locomotives, drivers, guards, signalling, use of track, and maintenance of the train. Those items exceed £400,000 a year. For BR the train is proving to be an excellent source of revenue from little-used lines.

Hobbs is now thinking about starting an English train which would cruise the Yorkshire Dales and the Lake District.

The Great Scottish & Western Railway Company Ltd,
Albert Bridge House, 127 Albert
Bridge Road, London SW1
4PZ (tel: 071-228-8871)

Verina Glaessner on a specialised small company

CARING FOR an elderly friend or relative with a urological complaint can be a distressing experience. In response to that situation Sylvia Ward, a retired nurse, and her friend Rob Rasey started Ward Surgical three years ago. She says: "I noticed that patients might be sent home from hospital on a Friday, say, with one catheter and instructions to go to the chemist for more. Most chemists are not specialists in urological products and it is stressful enough to have to cope with the comittee itself let alone with any additional work."

The idea was to offer exceptional service in urological products. The bulk of users fall within the older age group, and the market is projected to grow by 30 per cent by the year 2000.

Rasey, a retired maths teacher, looks after the financial side while Ward supplies medical experience. She gained

her knowledge as a nursing officer in Redhill, Surrey, where she specialised in geriatrics and also served on the adjudicating board examining tenders for medical products. That proved valuable experience for starting in business.

The partners began by running the business as a cottage industry from Ward's home. They applied to the Manpower Services Commission for a grant and were given £40 a week for the first year towards running costs.

A stipulation of the grant was attendance at a weekend course run by the commission three evenings a week. "It was very tough indeed about confronting with the difficulties we would face as a small business and there was a high drop-out rate. We took the course in August and registered the company in October 1987, registering for VAT at the same time," says Rasey. "The best thing we did — and I

would advise anyone else who is starting a small business to do the same — was to join the local Chamber of Commerce. They have excellent facilities and a fund of sound advice. They were a particular help when it came to advertising."

The Manpower course was invaluable in teaching them how to put together a detailed business plan for the bank. A branch of Barclays in Surbiton, Surrey, agreed a £15,000 over-draft.

By the end of the first year their turnover was £12,000, it was attendance at the weekend course that Rasey gave up teaching and they rented office and warehouse space locally, doing the decorating themselves and acquiring a mobile phone, computer, and a fax machine.

They had expected the next year's turn-over to be up some 50 per cent. Instead they were amazed to pull in £100,000 worth of business. This year they are on course for £250,000.



Sylvia Ward and Rob Rasey with a range of products

In response to demand, they set up Ward International to handle exports. They now export regularly to four countries with clients as far afield as Turkey and Saudi Arabia.

They are keenly aware of new possibilities opening up in Eastern Europe and the Soviet Union that they received their largest order for some 75m syringes and needles. They easily failed to fill in spite of many long distance telephone calls to likely sources. Ward is quietly scathing about the lack of initiative shown on that occasion by British manufacturers.

Although they deal primarily with individual patients both in Britain and abroad they

have a contract with a large private hospital, and they also work with charities, advising them on how to make best use of their resources.

They see complete reliability as the key to their success. "We guarantee to despatch anything required the same day and we always carry that out." They keep about £30,000 worth of stock. "We are rigorous about never making promises we cannot keep. And we always phone people back," says Rasey.

■ Ward Surgical Services Ltd,
Ward International, Bensham
House, 340 Bensham Lane,
Thornton Heath, Surrey CR4
7EQ (tel: 081-634-0470).

keeps his credit commitments to a minimum and operational costs are fairly low, since he only uses staff when the job requires them. He prefers using an answering service, which costs him just over £20 a quarter. "People are put off by answering machines; an answering service has the personal touch."

Asking for 50 per cent of his fees in advance eases the cash flow. He also factors selected accounts. Costing jobs has proved one of the hardest elements to get right. Erick has now devised a formula. He works out how long a job will take, what services must be bought in, and then adds in his basic operating figure and profit. His benchmark figure is £355 a day.

His careful husbandry has enabled the company to survive a bad winter, as all his target clients pulled in their belts to cope with high interest rates. Business is on the upward curve again and he is confident he will reach £60,000 turnover this year.

■ Perceptive Research Ltd,
20-22 Leathermarket Street,
London SE1 3HN (tel:
071-404-5011).

A niche in a niche sector

Jessica Alexander on a new perception

FINDING A niche in the overcrowded market research sector is a challenge for any budding entrepreneur. But after working in information in both the public and private sectors, Steven Erick, 28, was sufficiently convinced he had found one to set up Perceptive Research.

Initially working from his home with a telephone, an Amstrad PCW 9512 and the instant print shop around the corner, Erick used a combination of classified advertisements and direct mailshots to offer a "no-frills" market research service for those putting together business plans.

That was at the height of the small enterprise boom a couple of years ago. He surmised — correctly as it turned out — that there were people around with good business ideas but in need of formal back-up to present those concepts to their banks or potential investors.

At around £200 a consultation the jobs were low-cost in market research terms — and they generated £20,000 in the first year.

Erick specialises in what he calls "popular information." He collects, collates and analyses available data on companies, products and market places. He says that to do the job properly: "We need to know what the clients want the information on, what for, and what type of company it is. The mix of a report will be quite different for the guy wanting venture capital to someone wanting an acquisition."

The techniques used could be telephone research or accessing databases — it is a question of knowing where to go to get to know things. That is what Erick enjoys. He sees the strength of his business as the ability to supply any type of information, on any subject.

He has deliberately side-stepped any attempt at presenting a glamorous image. The office he moved into about a year after starting up is housed in an unmodernised warehouse tucked between the building sites behind Guy's Hospital south of London Bridge. The rent is only £285 a month. "It is a fan of networking — buying in the right services when he needs them. It enables him to present himself as a well-

resourced business." He stresses, however, that he is not just a consultant but a businessman running a fledgling company.

Erick took out his first and only loan when he moved in — £5,000 from his own bank, Lloyds, which he raised without difficulty. But he says that despite all the hype, many banks are still not really prepared to take much of a risk with a small business. His own loan had to be secured against his house.

His equipment is simple — leased photocopier and fax machines, telephones, a second Amstrad and a portable computer. The Amstrads, Erick maintains, do as much as a machine twice the price — he has added extra memory capability and modems, through which he can access any computer database he needs. Erick is a fan of networking — buying in the right services when he needs them. It enables him to present himself as a well-

resourced business." He stresses, however, that he is not just a consultant but a businessman running a fledgling company.

Erick's major outgoing is advertising, for which he allows a monthly figure of £1,000 a month. He places classified advertisements weekly in publications as varied as *The Sunday Times*, *The International Herald Tribune*, *Investor's Chronicle*, *The Economist*, and the *London Weekly Advertiser*. If it brings in the business he will use the publication again.

A recent promotion — an insert in *Marketing* magazine — cost £1,600. It was aimed at gaining him access to the marketing departments of medium-sized companies. The response? "We didn't get the volume but we got quality, and bigger companies take longer before they respond, anyway."

Erick manages to make a reasonable profit but ploughs most of his money back into the business. He

keeps his credit commitments to a minimum and operational costs are fairly low, since he only uses staff when the job requires them. He prefers using an answering service, which costs him just over £20 a quarter. "People are put off by answering machines; an answering service has the personal touch."

Asking for 50 per cent of his fees in advance eases the cash flow. He also factors selected accounts. Costing jobs has proved one of the hardest elements to get right. Erick has now devised a formula. He works out how long a job will take, what services must be bought in, and then adds in his basic operating figure and profit. His benchmark figure is £355 a day.

His careful husbandry has enabled the company to survive a bad winter, as all his target clients pulled in their belts to cope with high interest rates. Business is on the upward curve again and he is confident he will reach £60,000 turnover this year.

■ Perceptive Research Ltd,
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No. 03032 of 1990
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

LEGAL NOTICES

IN THE MATTER OF
SENIOR ENGINEERING GROUP Plc

- and -

IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the said Plaintiff will apply to the High Court of Justice for the confirmation of the reduction of Share Premium Account of the above-named Company on 21st June 1990.

AND NOTICE IS FURTHER GIVEN that the said Plaintiff will oppose the making of an Order for the reduction of the share premium account at the time of hearing in person or by Counsel for the Plaintiff.

ANY Creditor or shareholder of the said Plaintiff will be entitled to object to any such application by the Plaintiff by giving notice in writing to the Plaintiff at least 14 days before the date of the hearing.

NOTICE IS HEREBY GIVEN that the said Plaintiff will apply to the High Court of Justice for the confirmation of the reduction of the share premium account of the above-named Company on 21st June 1990.

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PERSPECTIVES

Britain's last frontier yields its secrets

Rob Palmer goes diving, 300 feet beneath Cheddar Gorge in Somerset, to search for a legendary 'lost cave'.

"...Cheddar Hole, where is a cavity under the earth, which though many have often entered and there traversed great spaces of land and rivers, they could never yet come to the end."

Henry of Huntingdon, 12th century.

IS THERE a great "lost cave" beneath Cheddar Gorge in Somerset? Henry of Huntingdon, in a 12th-century list of the wonders of England, would have us believe so. The cave he wrote of was reputedly so big that wagons and horses could be stabled therein.

There are many caves in Cheddar Gorge. Several of the largest are even open to the public, though none fits Henry's description.

Last century a local man, Richard Gough, dug through earth and rubble at the end of the entrance chamber to reveal the present show cave. No underground river was found, though there were flooded shafts aplenty. "Gough's Cave" was rejected as a candidate for the legendary "lost cave."

Floods rushing down the Gorge, reservoirs, roads and houses constructed around the risings of the river – all these have helped raise the resurgence level of the River Yeo at the foot of the Gorge. Passages that medieval man might once have walked could well be sealed and flooded.

Between the points at which tributary streams sink underground and the resurgence at Cheddar lies a vast, unexplored

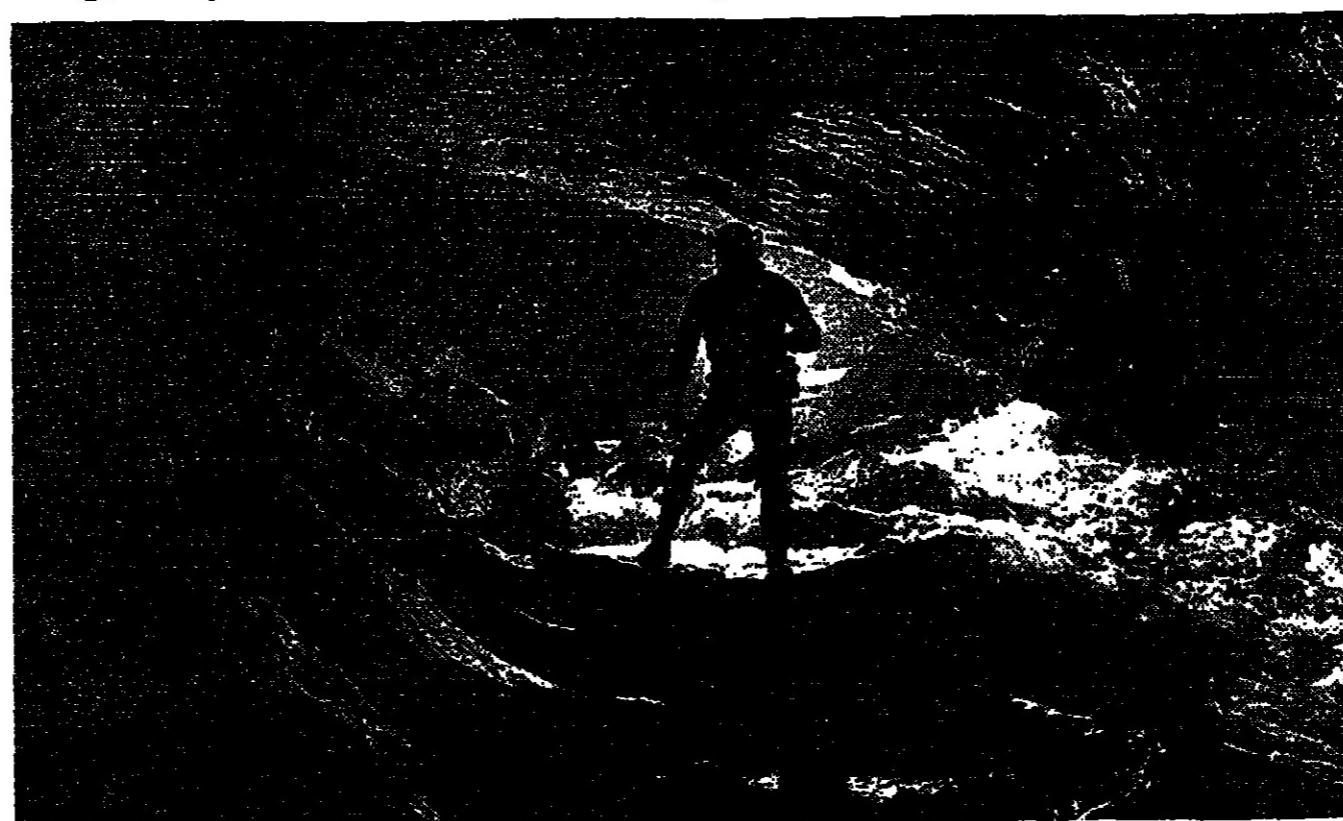
cave system. That isn't medieval myth, but geological fact.

Cave divers have been interested in the Cheddar Risings for years. To most, this activity seems almost incomprehensible. The voluntary immersion of self into underwater caves, often constricted and utterly dark, is the claustrophobe's ultimate nightmare. It is, however, one of the last remaining mediums for real discovery.

The earliest dives, in the 1950s and '60s, were made in the grimly-named "Skeleton Pit" – a deep, water-filled shaft named after a 10,000-year-old male skeleton, found when the cave was first dug out. Underwater, the shaft was choked with rubble – no way on there.

It fell to chartered accountant and cave diver Richard Stevenson to discover the missing river cave. Caught in his cups at the nearby Hunter's Lodge one night in 1965, he found himself agreeing to examine a horribly constricted, water-filled tunnel in a side passage to the main cave. Wriggling backwards in zero visibility, he dropped 25 feet down the corkscrewing tube to emerge in clear, flowing water in a large submerged passage. The Cheddar River Cave had at last been found.

Richard was joined by diver Rob Harper and myself for a series of dives through the tube which took us far up the underwater passage to an air-filled lake chamber. Beyond this, the river plunged below rock again for a further 500



Sheppard's Crook, the final air chamber in Gough's Cave and overnight camp for the last dive

feet before coming up in the massive boulder-filled cavern of "Bishop's Palace", as large as the aisle of Wells Cathedral. Scrambling across the boulders we reached a set of blue pools – the "Duck Ponds" – from which the river flowed.

It had taken more than 1000 feet of underground diving to get there, through passages that could, if the river risings had been raised by only 25 feet, have been air-filled.

Was another entrance to

these passages perhaps now covered by cement, or sand, or boulders? If so, then this could indeed have been Henry's "lost cave." If not, perhaps it still awaits discovery.

The Duck Ponds held their own secrets. Beyond, the cave

plunged deeper, down to a gravel-floored squeeze 100 feet underwater. Wriggling through this, and swimming on, we surfaced in a small cavern, "Sheppard's Crook" through which the resounding river roared. At the end, another deep, underwater shaft; another dive. For

ther dives showed the final shaft to be 190 feet deep – taking the cave more than 100 feet below sea level. Beyond the deepest point, the passage slowly rose up a gently inclining tunnel. In 1988, the "end" was 600 feet into this final underwater passage.

In May 1990, headed by dive co-ordinator Mike Hearne, a team of more than 20 divers and sheep hauled half a ton of equipment through the passage to Sheppard's Crook.

Publicity surrounding this latest dive was an extra strain on the lead divers, Richard Stevenson and myself, placing an onus on us to perform well. If we didn't break air surface at the end of the dive, it meant 2½ hours of continuous diving, most of it decompressing on the line in the freezing waters just below the surface back at Sheppard's Crook.

Ten hours after entering the cave, Richard and I entered the flooded passage, each carrying four air cylinders.

We reached the base of the shaft safely, but as Richard paused to change to his second cylinder, air gushed around him. It was a moment of crisis.

He rapidly changed back again, but with one full tank of air gone, he had not enough to reach the end of the line. He had no choice but to retreat to Sheppard's Crook.

I was left to continue alone. Reaching the end of the existing guideline, I dug the line-reel from its two-year covering of silt and set off into unexplored territory.

Three hundred feet above me, tourists walked down the Gorge in the sunshine. Beneath their feet, one of the last bits of unexplored Britain was yielding up its secrets.

The underwater cave was massive. In mid-passage, 10 feet from either wall, I swam over a floor of sand and boulders, with striated mud cliffs on either side.

Finally, 1,000 feet into the passage, what we had been dreading happened. I discovered the roof of the cave had fallen in.

A massive boulder pile, running the full width of the cave, blocked the way on. The river flowed from it, through muddy holes too small to penetrate. A brief search with the limited air reserves remaining, found no other way on, and with a heavy heart, I turned for the downhill swim to Sheppard's Crook and my long, cold, solitary spell of decompression.

Richard and I camped overnight in Sheppard's Crook, and an early start the next morning saw us emerge into the Sunday sunshine to a late breakfast and an early pint.

Was it worthwhile? Despite the disappointment of not finding more dry caverns, a major advance was made, and the dive, one of the most complex made in Britain, was undertaken safely.

A Canadian, George Benjamin, when asked what made a successful dive, once said: "First I count my divers. If they are all back safely, it is a successful dive." Perhaps that matters most of all.

Archaeology

A home from home in mud, rock and seaweed

MUD IS a glorious material to build with," says Paul Croft, an archaeologist who last year built a house in Cyprus which follows closely the plans of Cypriot houses of 5,000 years ago. The houses are cool in summer, warm in winter and you quarry the mud right on the spot.

Croft's reconstruction at Lemba, outside Paphos, of an ancient round house built of mud is an experiment by Edinburgh University's Lemba Archaeological Project whose dig, led by Edgar Pelekanos since 1976, have brought Chalcolithic (copper-stone) Cyprus to life. This period in the 4th and 3rd millennia BC marked the transition from the stone-tools-only Neolithic to the period when the island was starting to make use of its abundant copper supply.

The Edinburgh team has dug three Chalcolithic villages of mostly round houses. They have had good finds, notably stylised stone figurines of women with arms at right angles making a cross. Small ones can be worn on a necklace, and must have been valuable amulets that helped child-bearing and the continuity of the family. The early Cypriots thought them so important that the larger female figures actually show them pendants – miniatures of themselves – hanging on necklaces.

Pebbleburg's best find is a bowl that is a model of a round building complete with a central hearth, platform and painted walls. In it were a comb, shell and figurine which had been broken or disfigured as if to set them apart. One is a woman giving birth. Does that mean we should interpret the building as a shrine? Or was it meant to be a birthing house, which would make it the world's oldest obstetrics unit? We do not know, but a birthing house at that time might also have been a holy place. What is certain is that its architecture is that of the houses the team digs up full size.

The full size Chalcolithic round house that Croft has made in the late 20th century has an outside diameter of 10m and walls 70cm thick. It provides comfortable room for 40 people, and could easily hold 40 more. In the centre is the platform for the hearth, and above it a lantern raised in the roof to allow smoke to escape and light to enter. Around the



Paul Croft's round house: based on a 5,000-year-old design

hearth four posts have been set in square to support the roof beams. Then he covered this frame with myrtle branches and seaweed.

Getting the mud was easy and economical. There was masses of it on site where the house floor would go. Once Croft had dug the foundation trench for the wall, he could begin to remove the earth inside the circle and make a flat surface on the floor, partly terrace, one side into a gently sloping ground. Then he attacked the soil banks left from the adjacent archaeological dig. That was enough mud.

What he has to weed the walls to make them smooth, but that does not include plastering the earth floor or painting the walls to reproduce the brilliant orange colour on the model birth house/shrine. (Askew himself was among those held for questioning.)

It also helps them explain the illogicality of such outrages at a time when the movement is looking more effective than at any time since the days of the Victorian animal welfare reformers like Henry Salt or

notches for 256 pine cross beams. Then he covered this frame with myrtle branches and seaweed.

On top of the myrtle went 16 tonnes of white sticky clay. The roof is set with stones round the eaves which project 50cm to stop rain running off into the wall, which would break it up. The clay is a marvellous insulator, but it does need rolling after a storm to keep a compact surface and prevent water getting through. That is when Croft also checks the walls for cracks. And sometimes he has to weed the roof.

The job took Croft and his helpers only 140 man-days, but that does not include plastering the earth floor or painting the walls to reproduce the brilliant orange colour on the model birth house/shrine. (Askew himself was among those held for questioning.)

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The job took Croft and his helpers only 140 man-days, but that does not include plastering the earth floor or painting the walls to reproduce the brilliant

HOW TO SPEND IT

Lucia van der Post reports on the new craze for perfect parkas and peers into cupboards that open up a new angle in design

Clothes for good sports

ONE OF THE strongest themes this summer is that day and evening wear, smart "event" clothes and street clothes have all borrowed from the comfort, shapes and ease of sportswear. Whether a grand and exclusive couturier or a designer catering for the masses, hooded parkas, bomber jackets and anoraks combined with drawstring trousers and easy shorts and skirts are everywhere.

Taking an informal, sporty shape or style and turning into something luxurious and exclusive by using fine fabrics and handmade detailing is not new - cashmere jumpsuits, leggings, raincoats and anoraks in silk, dufflecoats in finest wool, vests with sequins, all are now a regular part of many designers' vocabulary.

This season there is scarcely a designer who hasn't got a hooded shirt, dress or parka in his range. Browns of South Molton Street, London W1, stocks a particularly beguiling selection. Jean-Paul Gaultier's funkier black, brown and navy hooded jackets in silk and linen mixes come either with sleeves at £505 a time, or as waistcoats at £335. Katharine Hamnett has an olive-coloured parka at £360. Donna Karan a red jacket rather like an anorak at £255 and Rifat Ozek has the slinkiest of them all with an 80 per cent nylon/20 per cent rubber fitted dress with a hood at £435.

If you don't fancy those sort of prices then most of the chains that are the mainstay of the middle-income fashionable dresser offer versions of their own. All 14 branches of Jigsaw have hooded shirts in silk with matching shorts, trousers and skirts, but probably the best draw of all is their wonderful padded silk parkas - in white, black, brown, orange and (if you are lucky and you can find one, so quickly have they been selling) a marvellous flame red. The shirts, in 100 per cent silk, are £45, the padded parkas at £110 are warm enough to provide a fashionable cover-up at many outdoor events.

You should also look out for Warehouse, which is bringing out a collection of sporty-looking items all in washed silk. Included in the range is a warm, padded, zipped and hooded silk parka. In the meantime Warehouse has any number of hooded T-shirts and jackets, shirts and blouses.

Whistles has a linen collection in wonderful colours (in particular a flattering icy blue) in its nine branches. There is also a group of silk separates dyed in identical colours that mix well with it - shorts, skirts, trousers and shirts.

If you're wondering how you wear them the answer is that it doesn't really matter. The young girls round town put



Left: Capacious icy-blue linen parka, half lined, with buttons and drawstring cuffs and hem, part of a collection of separates, £159 from Whistles branches, including 12/14 St. Christopher's Place, London W1 and 15 Princes Square, Glasgow.
Below: 'Silly' polyester hooded shirt, in ivory only, £34.95 from all 34 branches of Warehouse.
Right: Warm hooded sweatshirt with zip front. In white, red or purple, £27.95 from all 14 Jigsaw branches. Phone 081-878-8443 for information on your nearest branch.

them on over vest tops or skimpy stretch tops and team them with shorts or track-suit-shaped trousers, in which case they often look slightly funky and very up-to-the-minute. Those who are older tend to wear them as jackets over shirts or dresses - the padded silk parkas are ideal for this.

Sketched here are just three of the versions currently around.

LIKE THE British army, computers are run under two distinct chains of command which are supposed to march in perfect step, but which can spread fatal confusion among the unwary.

The programmes most people associate with their computers, costing between £200 to £300 or illegally copied from a friend, of which more later - are the office class. These are the word processing, spreadsheet or database packages in shiny boxes with fat manuals.

They could not perform their duty without the unobtrusive service of a lower order of programmes, which organise the fetching and carrying of data, the management of memories and discs. They are, in short, the sergeants and corporals of the computing world which impose discipline on the machine's data flow and keep it in a constant state of alertness to carry out the next instruction.

Programmes exercising higher command are called "applications" programmes; the other ranks' routines are called the "operating system". Fortunately most users don't need to know how these NCO programmes carry out their tasks, but like any good commanding officer, a user must at least know how to deal with them, and have a passing

acquaintance with their peculiar language. A CO who asked the corporal to "pop into my office when you have a mo" risk grave misunderstanding. So also the master of a new personal computer must address the operating system strictly in form; and time spent learning a few snappy commands will avoid endless confusion later on.

The IBM-compatible personal computer chosen by a first time buyer will often be supplied with a version of the operating system, DOS (Disc

Operating System). This will be loaded into the machine's main memory (automatically in systems with an internal fixed disc) as soon as the machine is switched on. DOS will at once make a recce of the machine's memory, and other functions report that all is present and correct and then carry out any routine tasks that the user leaves for it in a file called AUTOEXEC.BAT. DOS then stands to attention presenting an inscrutable face of "A" printed on the screen, or a similar letter. This signifies that the machine is ready to fetch any programme or file from the disc named A and run it.

A new user really must now invest some time learning the simple DOS commands for copying a file (COPY), displaying a directory of files (DIR), shifting to another disc (just type the disc's name, eg B followed by a colon) and half a dozen other square-bashing routines.

It is folly to neglect this basic drill, even though many computer shops will try to sell sell programmes such as Norton Commander or Windows which can, like a warrant officer, translate the harshness of the lower ranking programmes into more a civilised and easily understood parlance. These are good programmes, which can make a computer pleasant to use. However a user who is frightened of DOS will never be at ease with the machine.

The next question is which applications programmes to buy, starting, as most people do, with a word processor. In some cases, like the Amstrad

File under frivolity

CUPBOARDS, IN my experience, are not usually jaunty pieces of furniture. Sometimes beautiful (in which case they come very expensive indeed), sometimes pompous, often boring, often ugly... but jaunty? No, not often. As for filing cabinets, Ryman and Sir Terence Conran between them made valiant attempts to jolly them up, painting them in varying colours from eye-boggling shocking pink to cult, discreet grey but the disguise fooled nobody - still they looked inimitably like good, solid, sensible filing cabinets.

The answer for those who have given up hope of finding ready-made cupboards or wardrobes that are both visually appealing and do the job might be to turn their minds to commissioning something special.

Howdle bespoke furniture makers is one of the growing number of companies that might be worth looking at. Started by Clive Howdle in 1983, the team of designers and craftsmen has tackled anything from small one-off pieces like filing cabinets and garden seats to complete ranges of office furniture and kitchen and bathroom fittings.

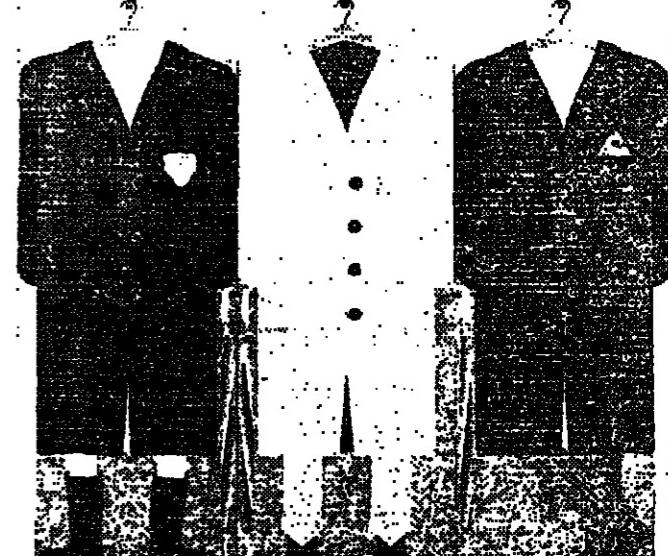
Pictured here below is... you would hardly credit it... a filing cabinet inspired by Spanish beach huts, it is just 3 ft high and is painted in combinations of blue and white (for the stripes), with touches of red. It is a filing cabinet that not only does the job but brings a touch of fun to the home or office. To commission something similar would cost about £1,500.

For the same clients - a Docklands-based firm of chartered accountants - Howdle designed and built a filing cabinet which fitted in the space under a flight of stairs. This time it was inspired by sailing ships that the client had seen on a Greek holiday. At the top is sun and sky, with white sail and ship's railing below, and lower still a fine rim of blue suggests the sea. Something similar would cost about £4,000.

Howdle has a shop at 9, Marylebone High Street, London W1 (tel. 071-224-6453) where quite a few of their pieces can be seen and through which commission can be placed.

Andrew Varah is another designer who believes that a little humour need not be amiss. Being a designer who believes in giving his clients what they are looking for he has, of course, designed plenty of serious furniture and has a list of impressive clients.

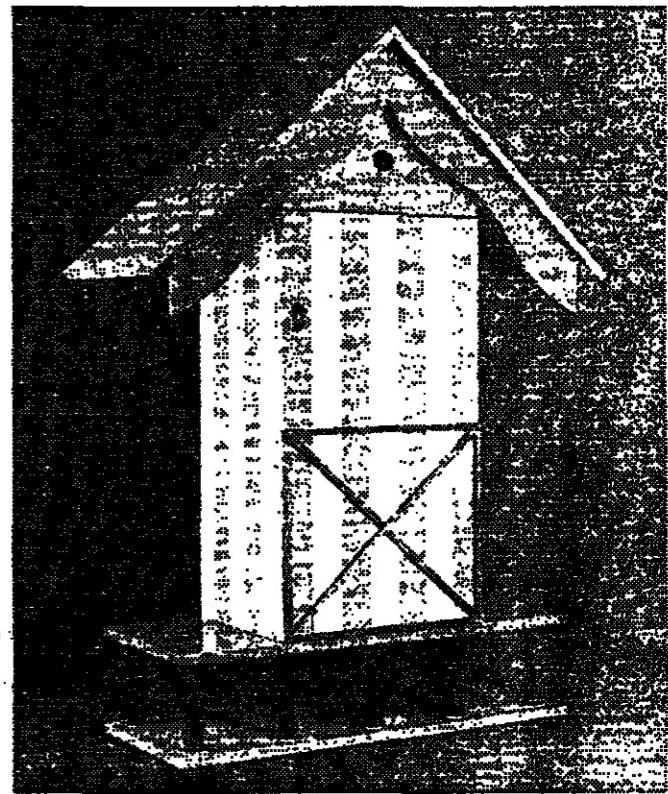
To give you some idea, however, of the charm of fine workmanship allied to a little



Andrew Varah's Umbrella Men Wardrobe

humour here (above) is his Umbrella Men Wardrobe - 6 ft high, 7 ft wide and 1 ft 6 in deep, it is a finely-made example of what can be done by using the old technique of marquetry in a thoroughly modern way.

Andrew Varah has used Ripple Satinwood, Rio Rosewood, American Black Burr Walnut, Oak, Walnut and Cherry to produce this very distinctive wardrobe. He has in mind to produce a whole range of other specialist wardrobes.



A Howdle cabinet inspired by Spanish beach huts

Attention you 'orrible computer users

Max Wilkinson puts new PC recruits through a spot of drill



PCW range, the word processing programme is included (and Amstrad's Locomotif still ranks as a good system). More usually, however, a user will have to buy separately. Unfortunately the array of choices is unsatisfactory, since prices range from about £3 to £250 with a big gap in the middle.

At the top of the range four or five programmes jostle for position. Wordstar and WordPerfect are the best known, although there are half a dozen other good systems including Microsoft's Word and Borland's Sprint. Wordstar was the pioneer in spite of a reputation for being difficult to learn. WordPerfect developed later, avoided indigestible codes. It is still perhaps a little friendlier, although Wordstar, in its later versions runs neck and neck and retains the loyalty of many users. An advantage of Wordstar is that its conventions are so common that they have been incorporated into other software products, so users that have mastered them may find other programmes pleasantly familiar.

Although all the leading systems are fairly easy to use, they include many advanced facilities and are expensive.

Word Perfect 5, for example, includes a superb system for cross referencing footnotes, but

it is hardly worth £250 if you want to write letters to your broker. Unfortunately few vendors are prepared to sell earlier (and simpler) versions at reduced prices.

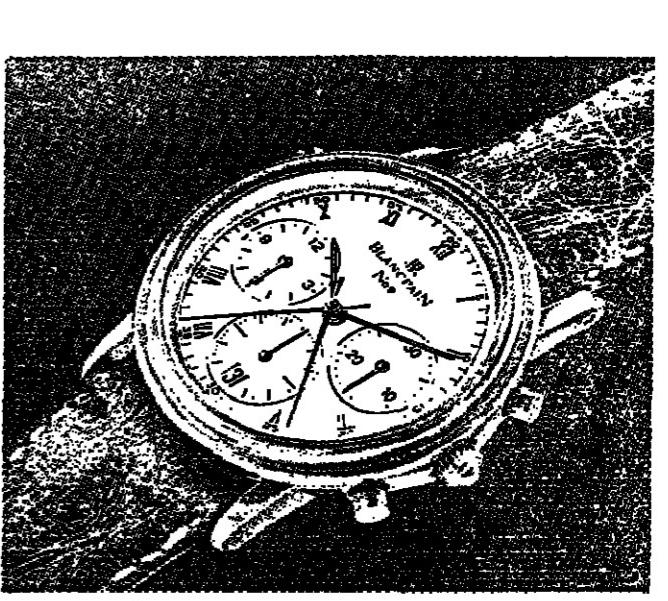
This is one reason why illegal copying is so widespread. If you want to obtain Wordperfect version 4.5, for example, a sophisticated system more than adequate for most domestic needs, you will find it very difficult to make a legitimate purchase. Yet the proliferation of illegal copies is attested by the fact that most large booksellers are well stocked with instruction manuals (costing about £20) for this outdated version.

Alternatively you can buy a "shareware" programme from one of the many firms advertising in the computer press. Programmes like the well regarded PCWrite may be copied legitimately and passed to friends. Although shareware programmes are often amateurish, the best, such as Pro-

to read. Fortunately Sergeant DOS can get you out of this one with the wise command PRINT, always assuming your printer is properly plugged with plenty of paper (more than 100 sheets in some cases). This may be too much of a hassle for the tyro.

The simplest answer undoubtedly is to buy an Amstrad PCW (I would opt for the two disc version) complete with operating system, printer and word processor all designed to work together.

So, if you have the money and patience, there is a lot to be said for buying the best IBM PC clone you can afford and resigning yourself to at least as weekend's assault course with the manuals. Otherwise stick to a pen.



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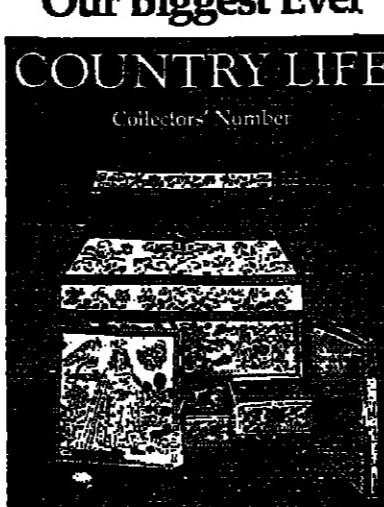


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Property

Village society goes to town

Carrie Segrave on home prices in and around Cambridge

WEST WRATTING, Little Shelford, Great Wilbraham, Balsham, Shepreth, Barnington and Meldreth, Swavesey, and Over. Those moving to Cambridge will find such names and more, buzzing like summer bees around their heads, rising in clouds from the pages of property advertisements in the local papers.

Of all the growth centres in the country - towns which are magnets for new and relocating businesses and their employees - Cambridge has perhaps the most marked halo effect. In other expanding cities and towns people search the countryside around for their homes since, by and large, the towns themselves are less than lovely.

Beautiful Cambridge couldn't be more different: it is a delight to live there, but you are far more likely to find yourself in one of the galaxy of villages within a 15-mile orbit of Cambridge. This is because for all its worldwide fame and eminence in the forefront of the hi-tech revolution, Cambridge remains a small town.

Open fields are within easy walking distance of the city's heart. To the north and the south east are 20th century suburbs, but these stray only a mile or so before the greenest of green belts takes over. The city is essentially a cluster of colleges, supported by a warren of rented homes for thousands of students. It comes as a surprise to many that so old a city - the earliest college, Peterhouse, was founded in 1284 - should not be full of splendid historic houses. Gems do exist but they are rare, and rarely for sale.

City planners have fought and won a battle to keep the city compact with the result that pressure on land is intense, with science and business parks competing with homes. Commuters, forced out into the villages, choke the town with traffic. So the staple fare within the town, apart from the modern estate houses on the outskirts, are little two- or three-bedroomed Victorian terraces, some larger, later 19th century detached and semi-detached homes, with a fringing of big houses from the Edwardian and Twenties eras.

You can still (just) pick up a tiny Victorian two-up, two-down terrace - unmodernised to the extent of needing a proper bathroom, but close shops and station - for under £50,000. A similar house, but needing less work and in a pretty street near the river, is £64,950 (both from local agents Catlings). You might have to pay £120,000 for a house which is little bigger in an old and charming corner such as Portugal Place, in the streets between Bridge Street and Jesus Green.

If the range of city centre houses is

small, the compensation is that the town's size ensures that they are virtually guaranteed to be near one of the features that make Cambridge life so pleasant: the River Cam and The Backs, the wide expanses of Jesus Green and Midsummer Common, and the Botanic Gardens.

Maid's Causeway, in the centre of town but near Midsummer Common, is one road which does boast some fine Georgian houses as well as substantial Victoriana. Savills is selling two Regency homes here: a deceptive, four- to five-bedroomed house for £185,000, and a rather grander one, on four floors with a large garage with studio room above it, for £220,000.

A roomy Victorian home here is £275,000 through Cornerstone Prestige Homes, while Bidwells lists one with five bed-

Newnham is thought by agents to be perhaps Cambridge's finest residential area

rooms in the main house and three more in the basement, which could make a separate flat. It expects around £300,000. More usually, such large homes are to be found on the western and southern edge of town, where the city stops abruptly and the river still winds its way to Grantchester through fields and meadows.

Newnham, still within strolling distance of The Backs, is counted by agents as perhaps Cambridge's finest residential area. Here eminent professors built themselves large Queen Anne-Art and Craft style mansions around the turn of the century in and around Grange, Madingley and Barton Roads. The imposing example designed by the eminent J.J. Stevenson for Prof. Alfred Marshall, the economist, has certainly proved a good investment: Black Horse Agents Januaries expects £450,000 for it.

There, too, is Cambridge's most upmarket new flats development, Pinehurst South which bows to the area's prevailing style. The idea of a block of flats sheltering under an Arts and Crafts oasthouse barn roof is, to say the least, unusual; but it works.

Stefan Zins' clever architecture, coupled with the developers' bold decision to react to the falling house market by upping the specifications, has provided the town with exceptionally luxurious flats.

Cambridge, as elsewhere, has seen prices fall and homes remain unsold in the last two years. But the shortage of really top-quality homes has kept that end of the

market firm, with competition for the best which, says Julian Carder, of estate agents Bidwells, has seen a good many sales at above asking price.

The first release of the Pinehurst flats, which share an 8½-acre wooded site with a handful of earlier blocks, have been selling fast at prices which start at £250,000. The penthouse, topped by a 24ft square lofty oasthouse room and a large roof terrace, is likely to be priced at around £1m.

Nigel Grimshaw, managing director of Midsummer Estates, estimates that it spent an extra £15,000 on the fitting of each of the large flats, which are attracting those selling large country homes.

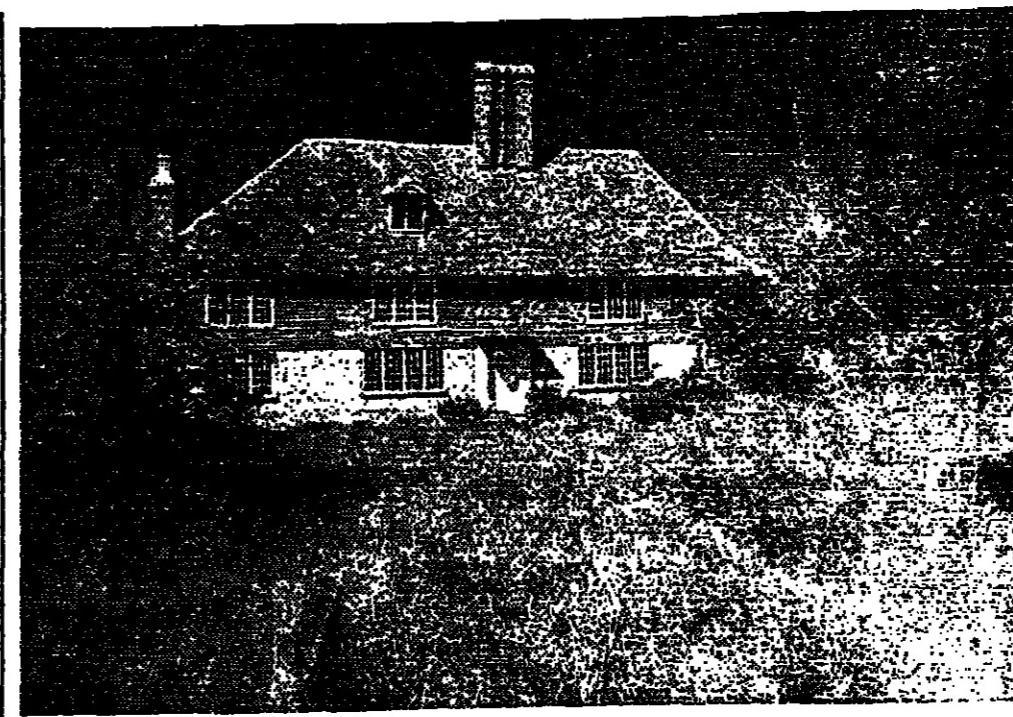
The most striking new homes in Cambridge are the terrace of seven steep-roofed, glass-walled houses of Boathouse Court: a dramatic reworking of traditional boathouse style. Black Horse Januaries is selling the riverside homes near Queen's College boathouse for around £245,000. And so to the countryside, where Cambridge and its hi-tech science park quickly vanish among the gentle swell of village-based rural acres.

Communications are best to the south and west, where the M11 is handy and villages such as Shepreth and Meldreth have stations which connect them to Cambridge and the market town of Royston. In Meldreth, a range of farm buildings has been turned into roomy, attractive homes: Unit 2, a five-bedroom, four-bathroom room where the living room ceiling is vaulted, is priced at £250,000 through Carter Jones. It is also selling a 17th century farmhouse, complete with oak beams, inglenooks and two acres of gardens for £275,000 at neighbouring Whaddon (sub post-office, pub). South eastwards, the villages tend to be set further apart and become even more charming.

One of the most attractive is West Wrating (shop, pub, bus service and primary school in nearby Balsham). Here Bidwells is selling a pretty Georgian house, built of mellow brick with four distinctive little Regency bow windows. Once two cottages, its size is deceptive: it rambles delightfully in an L-shape to include five bedrooms among its numerous corners. Behind is the former coach house and stables with hayloft above. Offers around £250,000.

North of the city lies a different landscape: the Fens stretch out toward Ely. In this direction lie some of the nicest houses: handsome redbrick often gabled - look in villages such as Willingham, Swavesey, Over and Cottenham. This side is less popular because communications tend to be worse, and the watery, wide-skied fens, beautiful in the summer, can be too bleak for some in winter.

Kent, he feels, is "a potentially interesting area to go



Frogs Hole, near Biddenden, Kent, an "unlocked" farmhouse in nine acres. Knight Frank & Rutley's Tunbridge Wells office (0892 515035) is seeking offers over £225,000 for the freehold.

A chance to be selective in East Anglia and Kent

EAST ANGLIA and Kent rank as the two areas of the country with the sharpest property price reductions over the past year. In its first quarter analysis of average regional house prices for 1990 the Halifax Building Society recorded a 19.5 per cent drop in the achieved sale price of East Anglia homes over the past 12 months.

The dust gathering in Kent's silent agency offices helped to drag average values in the south east down by 13.3 per cent. What is bad news for owners should be good for buyers.

In advising country property buyers looking for the best value in the market today, James Wilson, of home search specialists Wilson & Wilson (071 727 1977) argues for selecting home hunting in both price-weakened areas.

Upmarket there are still plenty of owners who are convinced that their barn conversion, or their village house, is still good value at yesterday's price. In the current flood of property particulars it is impossible, without local knowledge, to judge whether

a try-on.

The vogue sales agency word for the season is "realistic". Every property on the market, from last year's overpriced hangovers to this week's distressed sale cut-price offer, is being branded as "realistically priced". Unless you can read between the lines and work out whose reality that represents, buying without professional help is a pure gamble. Mary Goble, of Strutt & Parker's Ipswich office, inevitably points out that although anyone who doesn't need to sell is standing clear of the market, there is plenty of choice for buyers across East Anglia. Owners have stopped holding off until the market recovers. She says: "They realise that it could take as time to sell and they may as well put their homes on the market now; if they don't get any reaction they may withdraw."

As for the ticklish problem of price, Goble concedes that

"There are people who still are being a bit ambitious." But she feels that buyers will be able to sense whether a price is speculative or firm.

Hopes of any early recovery in sales demand have faded. Gobel echoes the common view now that "things should brighten towards spring next year." In the meantime, it is the properties furthest away from London and more exotic homes that bear the brunt of buyers' indifference. "Everyone gets very sensible when the market is down," says Gobel. "People look at the classics, but they are shy of barn conversions and they are conscious of travelling times: the rise in the cost of travel hasn't helped either. In 1988 people were happy to buy far out in the region. Now, if there is any general trend, it is that they are looking back to traditional houses and towards the Essex-Suffolk border."

Travelling times largely determine the interest in the Kent market as well, according to Robin Tillett of Knight Frank & Rutley's Tunbridge Wells office. "You see that properties well beyond Salisbury are now more expensive than those in Kent which shows just what an enormous influence on values the M2, M4 has had."

The country due to benefit most from improved links with Europe is still regarded as a transport backwater, says Tillett. "The Channel Tunnel hype has not yet filtered through to property, there is uncertainty about the high-speed rail link; there is still no clear idea of where the elusive M27 route will go, but at least the M20 will be linked at the beginning of next year."

This didn't matter so much when the market was bubbling with buyers happy to bid for anything with a "feel in the background. Since then, it has been very bad in the higher middle price range. I'd say we've seen a 20 per cent fall in values for properties around £300,000 to £400,000 since '88."

The spring market has been, says Tillett, "a damp squib. There are always exceptional properties, and we have been making quite a few sales. But it's fair to say that cash buyers have plenty of choice."

John Brennan

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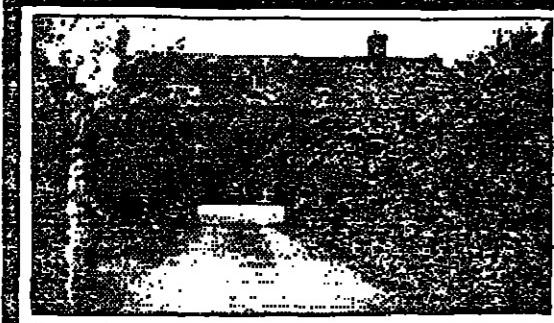
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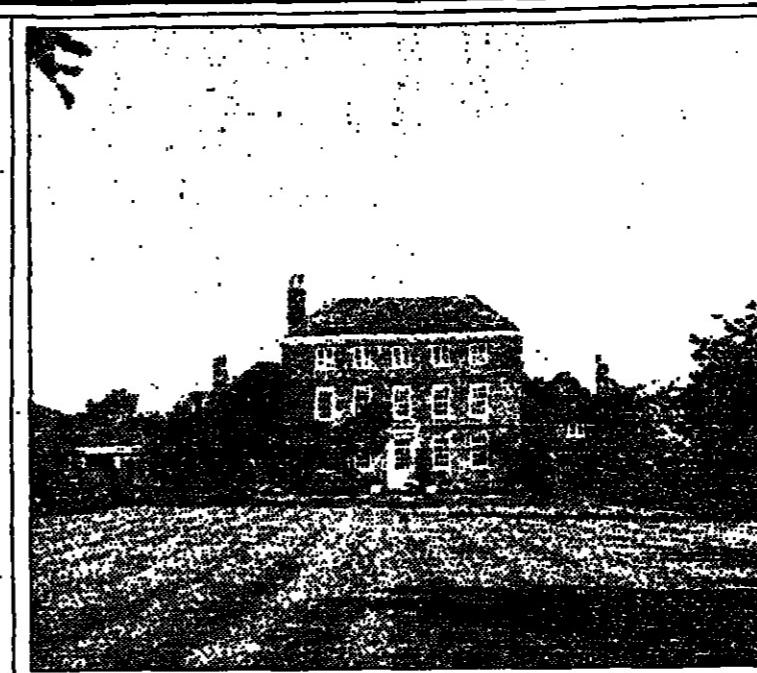
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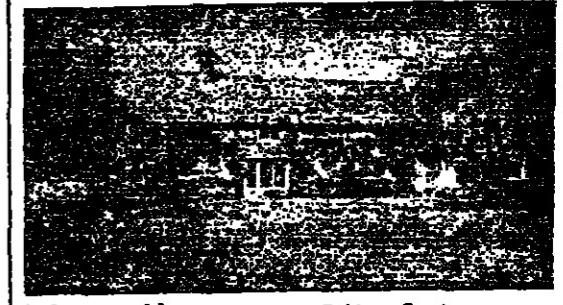
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Surrey - Bramley. Godalming 2 miles, Guildford 6 miles (Waterloo 35 minutes). A charming 17th Century country cottage in a magnificent rural setting with views across wooded farmland. Hall, drawing room, dining room, study, kitchen/breakfast room, 3 bedrooms and bathroom. Garage. Gardens and grounds. About 2 acres. Excess £275,000.

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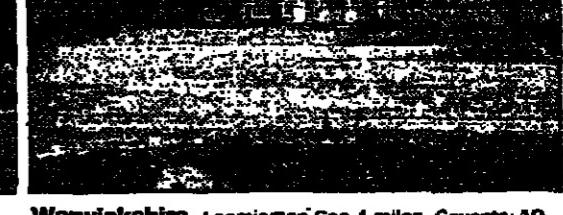
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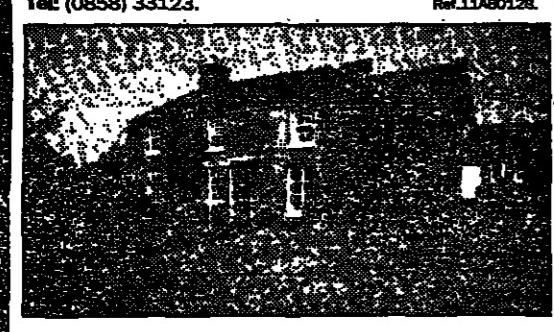
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Hertfordshire. Braughing 1 mile, Buntingford 3 miles. A spacious Grade II country house adjoining the River Rib. Hall, 3 principal reception rooms, Long gallery, Master bedroom suite, guest bedroom suite, 4 further bedrooms and bathroom. Self-contained staff flat. Garaging. Outbuildings. P/C to convert garage into 2 bedroom cottage. About 2.5 acres. Region £850,000.

J.S.C. Hampton: Tel: (0279) 758383. Strutt & Parker St. Albans Office: Tel: (0727) 40225.

Ref. 18A40220.

Wiltshire. Warminster 3 miles, Shaftesbury 12 miles. An outstanding residential dairy and arable farm. Grade II manor house, 4 cottages. Buildings with Listed barn and stabling. Modern farm buildings, cow dairy unit & grain storage. Acres of productive farmland (part Grade 2). Permanent pasture, 681.777 litres milk quota, 2 ranges of farm buildings with consent for residential conversion. About 638 acres. As a whole or in 3 Lots. Salisbury Office: Tel: (0722) 28741.

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Jackson-Stops & Staff

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Oxfordshire, 43 acres

Newington, near Wallingford.
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Chichester 4 miles. Arundel 6 miles.
An elegant and beautifully appointed Listed Grade II Georgian country house in park-like grounds of about 5½ acres. The property is conveniently situated at the foot of the South Downs, within reach of good riding and walking country-side.

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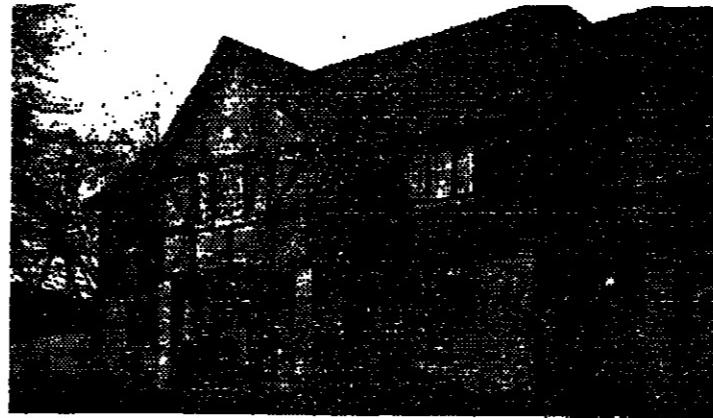
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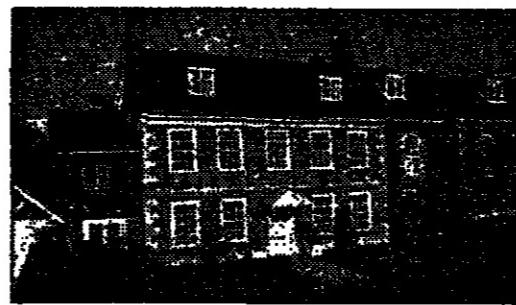
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Details from:
Egerton Ltd, 127 Mount Street, London W1Y 5HA, Tel: 071-493 0676
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276 acres

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Details: London Office, Tel: 071-628 6700

Hertfordshire Hemel Hempstead 4 miles, St Albans 6 miles, Luton Airport 7 miles, M1 10 ½ miles.

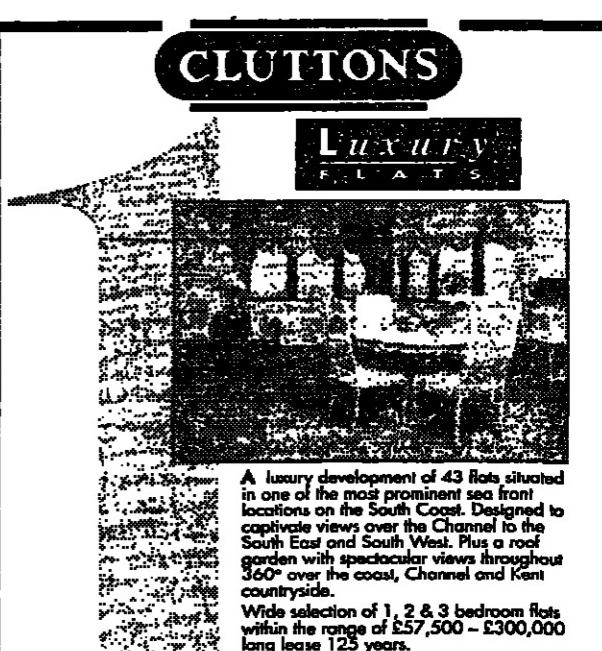


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Humberts Chartered Surveyors Residential Commercial Agricultural & Leisure

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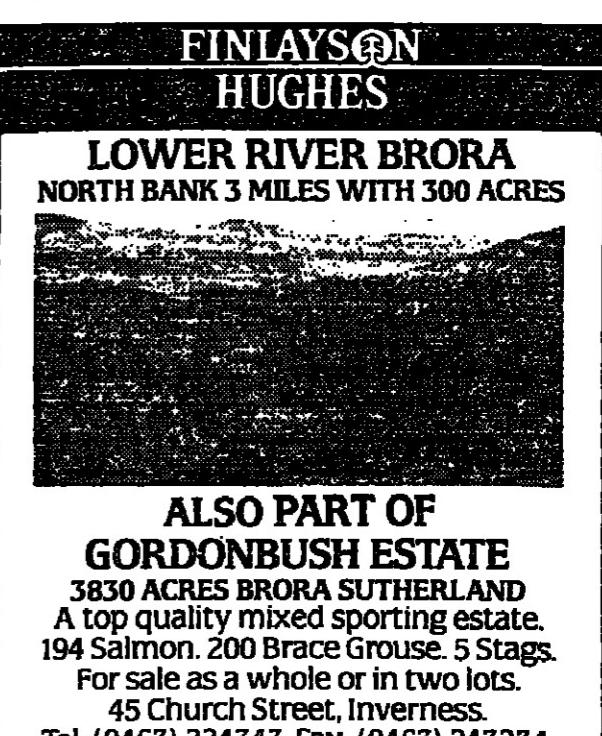


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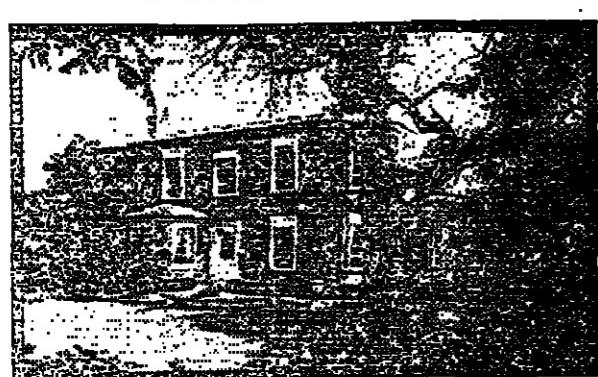
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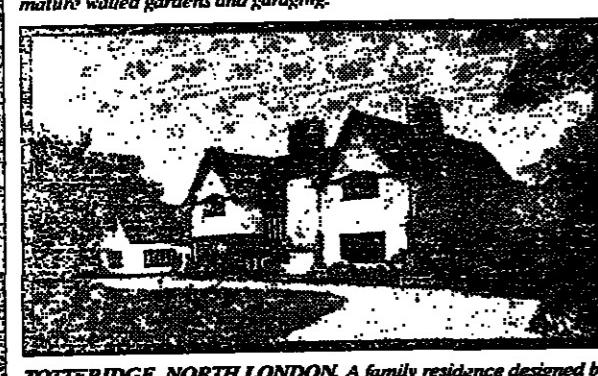
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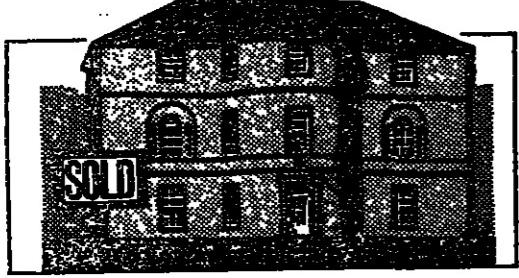


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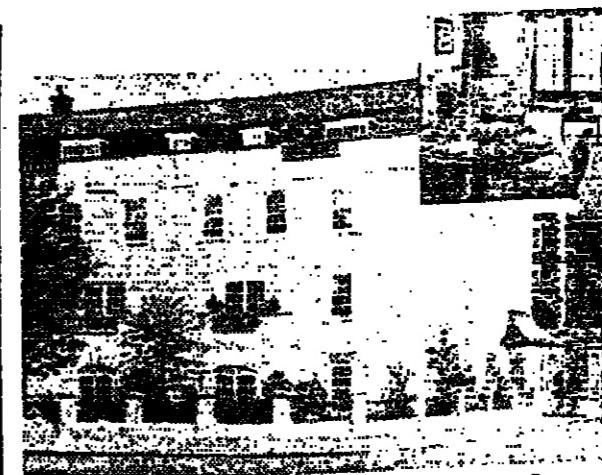
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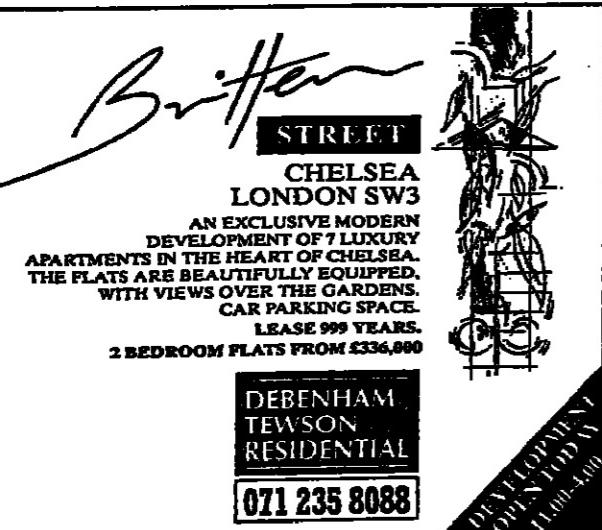
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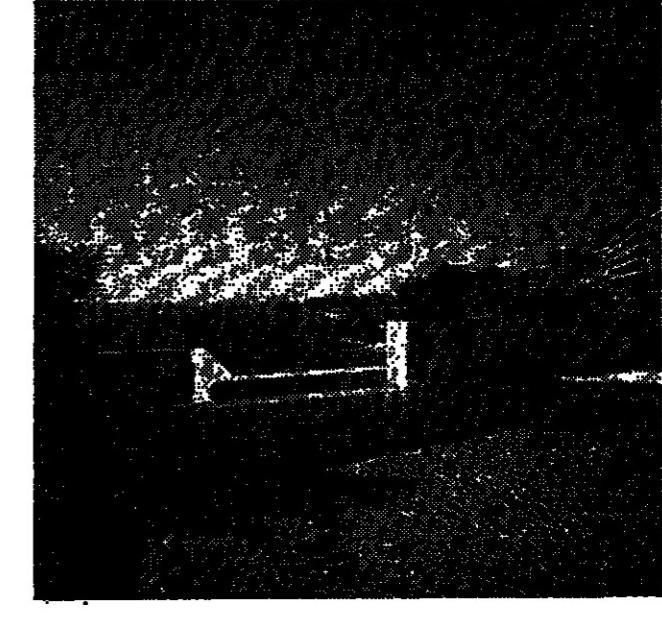
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FOOD & WINE

Bottles for wine bores: how to catch a fanatic

Put away that Petrus, says Jancis Robinson. When it comes to entertaining a connoisseur, an element of surprise works best

WE ALL have people whom we dread entertaining for a variety of reasons. Quite apart from individuals' idiosyncrasies, certain categories pose special problems. I am wary, for example, about inviting those with uncompromisingly modern, or grandly Georgian, ideas on interior design to my late-Victorian home. And when friends in the fashion world are expected, I fret terribly about what I'm going to wear.

I suppose that wine enthusiasts make some of the least popular dinner guests to all but the equally wine-mad – in fact it's probably a wonder I ever get my knees under anyone else's table at all. A household that potters along happily on Bulgarian Cabernet Sauvignon the rest of the year may be thrown into a tizzy by the advent of a Wine Bore. A host who would normally reckon that a bottle of Sainsbury's Anything was good enough for anyone might feel forced to think again at the prospect of having a wine merchant to dinner.

So what is the answer, apart from serving these strange wine-fancying creatures your usual plonk and telling them to get on with it? The answer is very definitely *not*, contrary to popular belief, to go into your local off-licence and buy the most expensive bottle available.

Quite apart from the cost, the odds are that this will either be far too young to warrant pulling the cork, or from some vintage or provenance so undistinguished that the more fastidious fine wine specialists wouldn't buy it. Buying the most

expensive bottle of white from my local Unwins, for example, would yield a 1984 Chassagne-Montrachet, a village white burgundy of a lean vintage, from a firm of which neither I nor any Burgundian reference work has ever heard, Veuve Auber, at £17.85.

When I rang their head office to ask for more details all I got was "You're a very expensive lady to run, aren't you? My word!" Buying the most expensive red from run-of-the-mill off-licences would too often yield a grand but still monstrously hard 1986 red bordeaux at the moment, or even a bottle that had – turnover at the top of the range being as slow as it is – stood under the lights for too long to be worth its price tag.

Throwing money at this particular problem brings no guaranteed solution (although among recent vintages for classically fine wines it is difficult to find a 1986 white burgundy and a 1982 red bordeaux that don't have some appeal for current drinking). You will win no points for imagination or originality, and will have spent a great deal.

A much more cost-effective solution to the problem of incoming wine experts is to titillate them, by giving them something unusual from a specialist in that unusual area. Most of us wine fanatics are shockingly parochial, parishes such as Paullard, St Julien, St Emilion, Pomerol, Pommard, Meursault and Chablis receiving a quite undue amount of attention.

Anyone with a reputation for connoisseurship should be impressed by one of the truly fine reds coming out of Central Italy at the moment, although if your guests are determined Francophiles, serve it in a decanter. Take counsel from one of the small band of wine merchants who specialise in Italian wines such as Luigi's of London SW10, Millevini of Stockport, Valvona & Crivelli of Edinburgh or Wine-cellars of Walsallwood High Street.

Valvona & Crivelli, for example, can offer the ultra-trendy Ornellaia, made from Merlot grapes grown close to Italy's most famous Cabernet, Sassicaia, and virtually unobtainable elsewhere in Britain. They list both the 1986 and the more approachable 1985 for about £20 a bottle, although they, like most other merchants with half-decent Italian collections, can offer several other very fine and truly interesting 1985 and 1986 oak-aged Tuscan Vini da Tavola at well under £10 a bottle.

You could really intrigue a wine expert by serving a fine Italian white wine too. Such wines are only just starting to make headway in this nation of doubters raised, admittedly, on tired Soave and watery Frascati. I have been most intrigued recently by two made in Sicily from native grape varieties which result in curiously nutty, characterful wines with something of the build of a Corton-Charmesagne, as you might let slip to your guests.

Vigna di Gabi, Domafugata costs between £6.30 and £7.40 a bottle from Gerry's of Old Compton Street, London W1, Chiswick Cellar of W4 and the Master Cellar, Aberdeen Road, Croydon. It is surprisingly refreshing and interesting for a white made in such torrid conditions, while the Izuolza-based oak-aged Bianca di

Valguarnera 1987 from Duca di Salaparuta, imported by Ciborio of Greenwich, is a little flabbier but would still tickle most wine lovers' fancy.

Italy deserves more attention at the moment but you may feel it is too early for your wine bore guest. Another thought is to provide him or her with a range of wines from one of France's good but under-appreciated regions. The south-west is the most obvious candidate, Souto & Bertout of London SW10 (telephone orders only, 071-370-6509), the most obvious specialist merchant. It is difficult to imagine that too many of the greatest wine experts in the world are over-familiar with such

wines as Marcillac, Tursan and Entray-goules et le Feu. You could try some of Spain's best from Moreno Wines of London W2 or some of Spain's most obscure 061-455 2239 (orders by the case only).

One wine style that will come as a revelation even to experienced wine drinkers is drier German wine, as good at the table as before it and excellent with all but the richest meat reductions. The wine departments of such stores as Selfridge, Fenwick & Mason and Harrods can offer sightings of this rare species. The 1984 and 1989 vintages have been exceptional and Germany and the 1988 Trocken and Half-

Trocken wines are just starting to come into their own. Louis Guntrum made some delicious 1988s (and 1989s) in the Rhine-hessen – just the thing to put paid to those wine snobs who say this wine region is all about Liebfraumilch. Starting under £4, they're all about tightly-reined fruitiness. Frank Stainton of Kendal is a good northern stockist and Walkers has an excellent Guntrum 1989 at £4.95.

But probably the single most sensible course is to visit your nearest Oddbins, whose range (recently bolstered by some new Australian bargains) is as wide and innovative as their staff are keen to opine on it.

High Street Wine

Fine fettle for under a fiver

AN ODDIBINS tasting at which I sampled 54 wines from seven countries, all costing less than £5 a bottle, demonstrated the wealth of inexpensive wines currently on high street shelves. Those from outside Europe included 11 from Australia (in which Oddbins has specialised), six from Chile and three from Washington State. Thirty-four were less than £2.

At the price levels at which most wine is drunk in the UK the New World will present a challenge to those from Europe, the moderate prices of French Country Wines and generic Italian show the challenge is in quality too. Apart from the European wine lake, of which we fear rather less these days as some of it has been drained, there is certainly a surplus of drinkable low-prize wines in the world, particularly from Australia and New Zealand, both highly dependent on exports. And now that we are becoming friends again with Argentina, which produces at least as much wine as the US, its big output of low-priced, easy-to-drink wines is likely to be very competitive as the Bulgarians are now. Even the £5 wine today is only the equivalent of the £3 five years ago after inflation, and it is probably better in quality.

Here are notes on most of the wines I tasted. **WHITE:**

Cote de Gascogne, Dom. St Lannes, 1989 (£2.99): The Cotes de Gascogne has in the last few years become one of the most successful inexpensive French *vin de pays*, but so far the reds have been better than the whites, always more difficult to produce to ensure freshness. Although drinkable, this has the fault of many cheap whites – over-sulphured to prevent the risk of secondary fermentation in bottle.

Tokay Pine Gris, Turckheim, 1988 (£3.99): No excess sulphur in this Alsace wine, with an attractive, scented nose and fruity flavour from the very reputable Turckheim co-op. Excellent value.

Gewurztraminer, Scherer, 1987 (£4.49): This is not a Riesling but comes from the Western side of Catalonia where Raimat is a subsidiary of the huge sparkling wine firm, Cordoniu. Matured in American oak which gives a rather sweeter flavour than French, it has a good deal of flavour without being aggressive. Very attractive and worth the money.

Gaberneau, Chardonnay 1989 (£3.99): A tannic wine with very good colour that needs another year or two in bottle to soften it, but then should be attractive drinking.

Valpolicella, Santini 1988 (£2.49): An unpretentious Valpolicella of quick-maturing style, with a decided bouquet and a soft flavour. A low-priced wine for current drinking without much call for further consideration.

Morilleine de Scansano, Le Pupille 1986 (£2.99): Although one of Italy's 200 DOC wines, a few years ago this would scarcely have been known or drunk beyond the southern boundaries of Tuscany. Now matured in French oak, it is well-balanced, has a fairly light flavour and an individual style, distinct from Chianti.

Toro Gran Colegata 1987 (£3.49): Coming from the north-west of Spain, this is made partly from the local Tinto de Toro grape, known as Tempranillo, the Rioja grape and one of Spain's best. With plenty of colour, oakyness but not excessively so, this is an attractive wine at a good price.

Tempranillo, Raimat 1987 (£4.99): This is not a Riesling but comes from the Western side of Catalonia where Raimat is a subsidiary of the huge sparkling wine firm, Cordoniu. Matured in American oak which gives a rather sweeter flavour than French, it has a good deal of flavour without being aggressive. Very attractive and worth the money.

Gaberneau, Chardonnay 1989 (£3.99): A very sound Australian Cabernet, with a blackberry bouquet, and an attractive, developed flavour. Seaview is a subsidiary company of Penfolds in Adelaide.

Penfolds Kalimna Bin 28 Shiraz, 1986 (£4.99): Kalimna is one of Australia's older vineyards, and Penfolds have been particularly successful with Shiraz. This 13 degrees wine has a big colour and powerful flavour and is recommended to those who like the concentration that typifies this grape, originally from the Rhone.

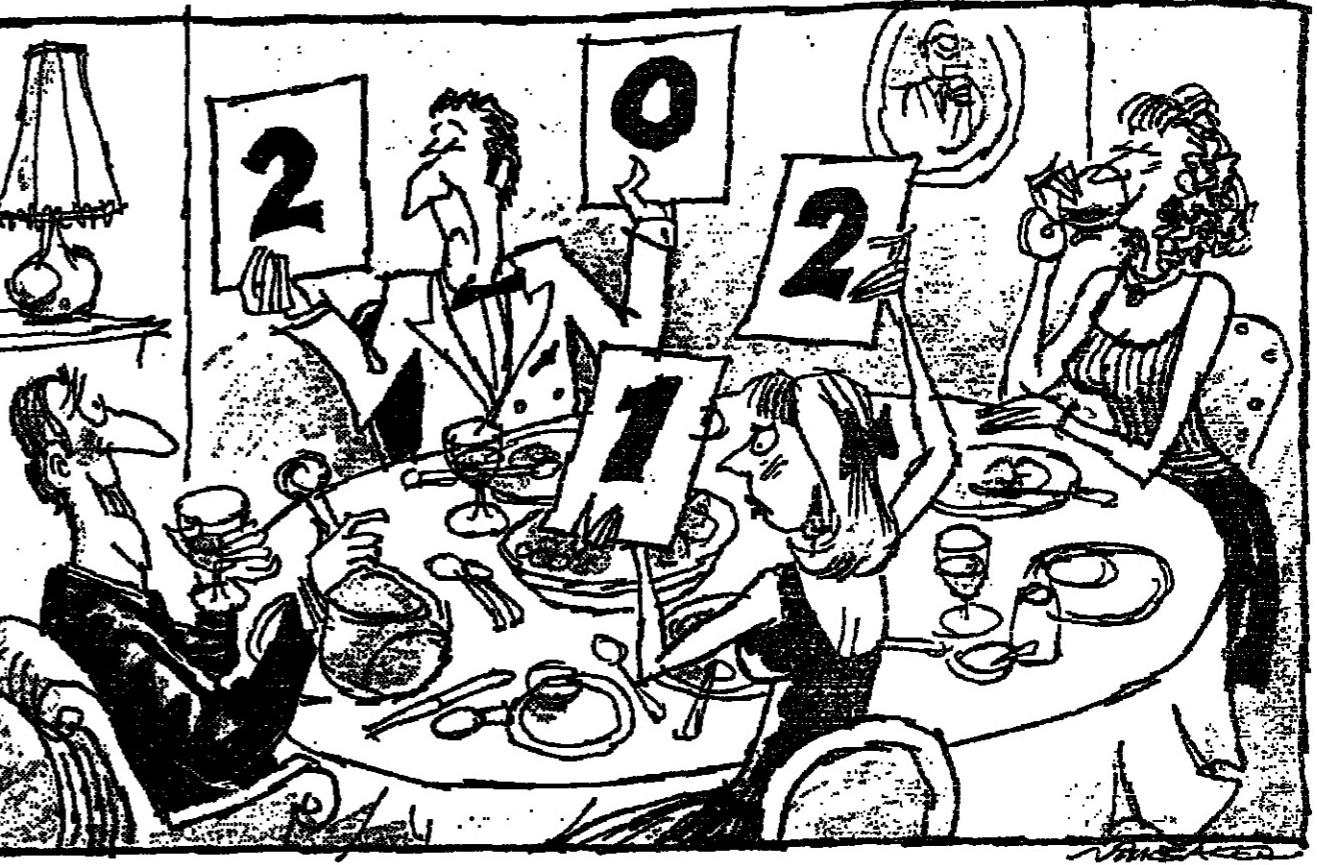
All these wines should be available from Oddbins' 145 branches around the UK.

Edmund Penning-Roswell

Food for Thought



The acceptable face of the British beef industry – but could it be a "mad cow" underneath that placid exterior?



Danger – the spice of life

RECENTLY I was given an unusual invitation: would I participate in a dangerous dinner? While my mind flew to Japanese fugu fish and other such potentially lethal dishes, the woman continued: "We're having beef, chicken, raw eggs and Austrian wine."

Howard! That meant exposing my digestive system to the possibility of bovine spongiform encephalopathy, or "mad cow" disease (the beef); salmonella (the chicken and eggs); and Lord-knows-what from the Austrian wine, which a few years ago was overshadowed by a majority of bottles containing one of the chemical elements of anti-freeze.

I should have been reassured when she told me the meal was at the Boulesin restaurant in London's Covent Garden, and that the chefs involved were Michael Gottlieb of Smokey's, Anthony Worrall-Thompson of 199 Queensgate; Beth Coventry of Greens; our host, Kevin Kennedy of the Boulesin; and Brian Webb of Hilsire.

The menu was made up of steak tartare, made from "damned good Scotch fillet" (Gottlieb); carpaccio (Worrall-Thompson); Dublin Bay prawns with poached eggs (Coventry); chicken, lamb and tourneufs (Kennedy); unpasteurised Brie de Meaux and very runny creme brulee (Webb). Some indifferent Aus-

tralian wine appeared with one course – not a pre-1985 sticky, warm, I mean dry, bone-dry Grüner Veltliner from the 1988 vintage. I tucked in without the slightest feeling of risk.

Judging by the abundance of media around us, perhaps I should have been more prudent: an NBC team filmed our every mouthful; the BBC and LBC teams outdid themselves in their attempts to interview every food writer in the room. Eventually they settled down to interviewing one another.

Giles McDonogh feasts on beef, eggs and chicken – and lives

During the meal, my neighbour and I tried to imagine a really dangerous dinner. Prime Angus should give way to hamburgers from a scruffy stall, eggs would come from a corner shop and an expired sell-by-date, the prawns would come from the North Sea, an inadequately micro-waved TV-dinner would replace the *piece de resistance*, the cheese would be industrially made long-storeage stuff. As for pudding, the possibilities were endless.

On my left, the environment correspondent of a Sunday newspaper provided a more serious line of argument as regards food hygiene in the UK. In his opinion no other country took so many liberties in food production. He thought meat recycling should stop and the public come to terms with scarcer and dearer meat.

Later I called the Farmers' Union to find out just how dangerous my meal had been. The eggs crisis was largely over. I was told, although there was still a problem of salmonella in chickens, which can be avoided by not eating them raw: salmonella is killed by two minutes at 70°C. The official also said there was never any real temptation to feed laying hens on bone-meal or offal as it does not make for good eggs.

The supermarkets are reacting nervously to these continued trials. Marks and Spencer's buyers told me that the problem was being "urgently discussed". Asda has gone a step further and issued "conservation grade" beef and lamb which guarantees the absence of animal feed. Left to their own devices most chickens would not forgo a piece of meat. The free-range birds at Home Farm eat nothing more wicked than worms and snails.

The UKASTA spokesman said he thought the risk of catching BSE from pork or poultry was minimal. But after these plagues of Egypt, I have become more aware of the danger – and I shall be more prudent next time I go shopping.

BRIDGE

MY FIRST hand from rubber bridge set the declarer a problem:

N	A J	♦ K 2	♦ Q J 7	♦ K 10 9 8 3
♦ A Q 10 4	♦ K 5 3	♦ Q 10 9 5	♦ 8 7 3	♦ K 10 9 8 3
♦ J 7 5	♦ 7 6 4	♦ K 5 2	♦ K 8 2	♦ 9 5 4 3
W	♦ K 8 7 2	♦ 9 5 4	♦ 7 4	♦ A 6
E	♦ 5 3 2	♦ 9 5 6	♦ 10 8 2	♦ K 6 4
♦ Q 10 3	♦ 9 6 4 2	♦ Q 10 6 3	S	♦ A 10 6
		♦ Q J 10		♦ Q 5 2
		♦ K 7		
		♦ A K 8		

South dealt at game to North-South, and bid one no trump on his 16 points. North jumped to six no trumps – his three entries making up for the missing point – and all passed.

West led the heart six, taken by the king, and East and South switched to the two of clubs. Winning with his ace, declarer played a spade and finessed the knave.

Leftovers, should there be any, are deliciously cold but the berries dimple gradually as they cool so the flan loses its looks with the passage of time.

GOOSEBERRY ICE

Ices made with yoghurt instead of a rich egg custard are supposedly the smartest desserts this summer in health-conscious circles. This one is exotically flavoured with orange blossom water and it gains extra points for fibre content. For smoother results the fruit can be sieved after cooking to extract skin and pips. In this case there is no need to top and tail the fruit but remember to add an extra handful of gooseberries to the cooking pot to compensate for weight loss in sieving.

Top and tail the gooseberries. Rinse them and put them into a casserole with a tablespoon or so of water. Sprinkle on the orange blossom water, cover tightly and cook gently at 300°F (150°C) gas mark 2 for 50 minutes or until the fruit is perfectly tender. Stir in the sugar, process to a puree and cool completely.

Freeze the cold puree in a chilled loaf tin until firm round the edges and semi-frozen in the middle. Turn it out, beat it with a whisk until smooth then fold in the chilled yoghurt as delicately as you can.

Frost the mixture for about 1½ hours.

Whisk it again. Put it in chilled petits pots

de chocolate or demitasse coffee cups and freeze until solid. "Ripen" briefly in the fridge before serving.

Alternatively, simply stir the cold fruit

puree into the chilled yoghurt, pour the mixture into an ice-cream making machine and freeze-churn according to manufacturer's instructions.

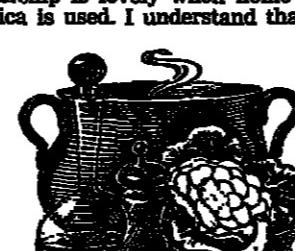
Philippa Davenport

At game all South dealt and bid one no trump, and North's raise to three closed the auction. West opened with the spade queen, the king won, and the diamond three was played. Taking at once with his ace, East returned a spade, the nine won, and the knave was led to clear the suit. The declarer then led four diamonds, West then led the heart queen, and finessed the king to put the contract down.

The contract is not secure. If West has heart king and diamond ace there is no hope, but South must assume that the two key-cards are divided. Furthermore it is vital to try the heart finesse before he touches diamonds. Why? Because the heart finesse runs into the danger hand. West wins, leads another spade, and South must withhold his ace for one round, then lead a diamond. As East then leads the heart queen, and he makes his contract.

As the cards lie, South can recover from his error by an endplay. He wins the third trick with his spade ace, and runs four diamonds. West has to throw a heart and two clubs. Declarer crosses to his club king, and scores the queen of spades; if West throws a club, South will cross to the club king, return to ace of spades,

E. P. C. Cotter



fresh angelica leaves and tender young shoots (both finely chopped) could be used in lieu of candied stems, but I have not tried them. Scented sweet geranium leaves are another aromatic possibility, as are the muscat-scented flowers of elderflower.

For the pastry: 4 oz each white and wholemeal flour; 2 oz each butter and lard; 2½ tablespoons water to bind.

For the filling: 12 oz green gooseberries; 1 oz top quality candied angelica; ¼ pt single cream; 2 egg yolks; 3 oz freshly ground almonds; 4 oz castor sugar.

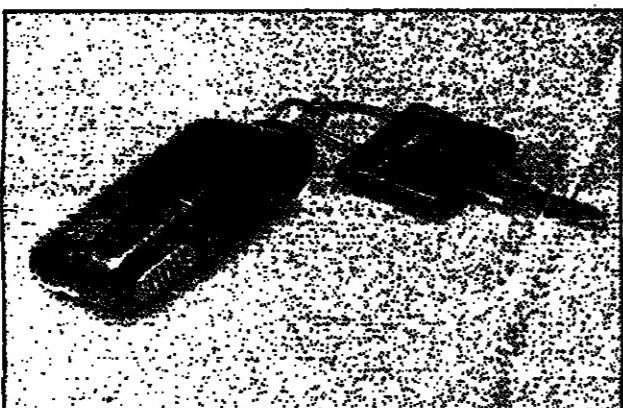
Make the pastry and use as much of it as you need to line a shallow 10 in fluted flan tin. Blind bake it.</

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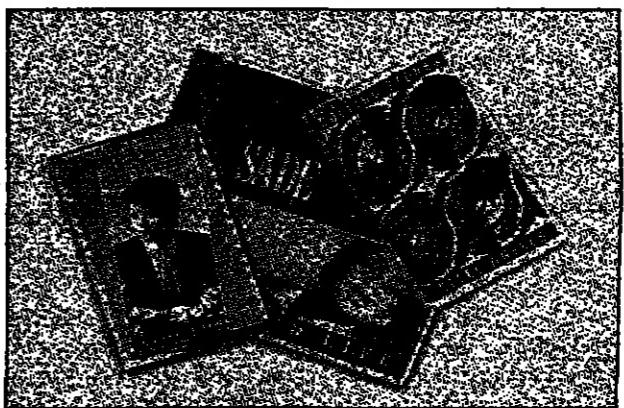
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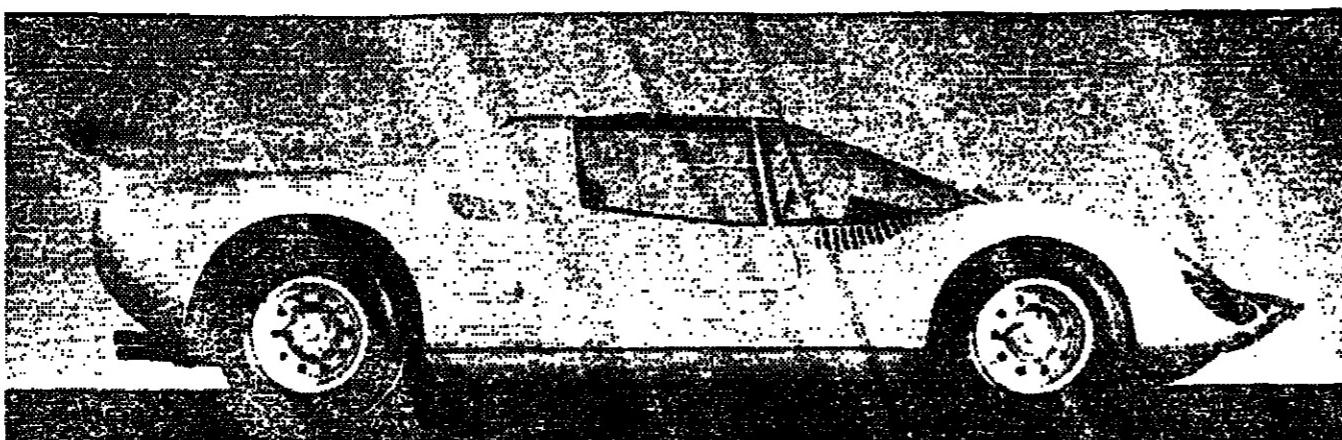
MOTORING

FLORENCE IS pitiless in testing the limits to the visitor's physical energy and appetite for cultural delicacies. As if its own artistic and architectural endowments are not sufficient, it is constantly adding new dishes to its menu. June has seen the unveiling of two stupendous attractions: an exhibition of canvases by one of its first great Renaissance artists, Masaccio, and, much more improbably, L'idea Ferrari.

It was a stroke of genius of the city fathers to invite Italy's most celebrated auto name, now owned by Fiat, to organise an exhibition to tell the story of the making of one of the world's most famous post-war myths, and entirely appropriate that it should have opened in the same week this month as the Massaccio. For the modern Ferrari road and racing car is very much an expression of that Italian bottega tradition, borne of the Renaissance, which saw works of art produced in small workshops, often with the aid of apprentices whom themselves went on to attain master status.

There may be some who are ready to debate whether the motor car can be regarded as a work of art, notwithstanding the fact that its external appearance has done more to develop popular appreciation of the marriage of design and colour to functionality than almost any other product of the industrial age. Those who wish to be convinced that the assemblage of beaten metal above four wheels can represent artistic beauty should go to Fort Belvedere in Florence.

One does not have to be a Ferrari enthusiast to appreciate how the exhibition's architects have used Florence as a frame for displaying in the open air nine of the most celebrated models to have carried the famous prancing horse badge. Fort Belvedere, conceived by Giovanni di Medici and built at the end of the 15th century as both a bastion against enemies and a base for controlling the city, stands on a steep hill just outside the



The magic of Ferrari... on show for fans of classic engineering

Enzo's art goes on display

John Wyles finds a blood-red legend in the Florentine hills

centro storico with incomparable views of Florence below. Each car has been housed inside climatised crystal glass cubes, and these are perched in groups of three close to edges of the vertiginous hillside.

The vehicles thus appear to float above the Florence skyline in a marriage of ancient and modern beauty which is at its most stunning when one stands about 15 feet back from the cube containing the 1959 250 Testarossa. Looming behind the blood-red open car, with its swooping racing lines, is the darker, rusty cupola with which Brunelleschi crowned the Duomo. The

design and several exemplars of these masterpieces of carpentry also stand in the open, grainy progenitors to the sleek sculptures in their nearby cubes.

These include a 1949 "Barcetta" touring car, so called because of its resemblance to a small boat, whose derivatives were to have several successes in the Mille Miglia round Italy road races, a 1950 Berlinetta, a closed touring car whose lines in no sense betray their origins of more than 40 years ago, and a famous 1964 250 GTO whose brothers now fetch millions of pounds at auction.

Ferrari's first interest, obsession rather, was in producing racing cars, both the specialised formula one grand prix models and sport prototypes. Successes on the track bred demand for the latter among rich "gentlemen drivers," whose custom was crucial in financing Ferrari's early racing programmes.

Examples of the detailed design work which went into producing Ferrari prototypes and their famous 12-cylinder engines are displayed in 14

rooms inside the Fort. Here the technical enthusiast can pore over the intricate engineering pencil drawings which were the embryos both of world championship-winning formula one cars and of sports models.

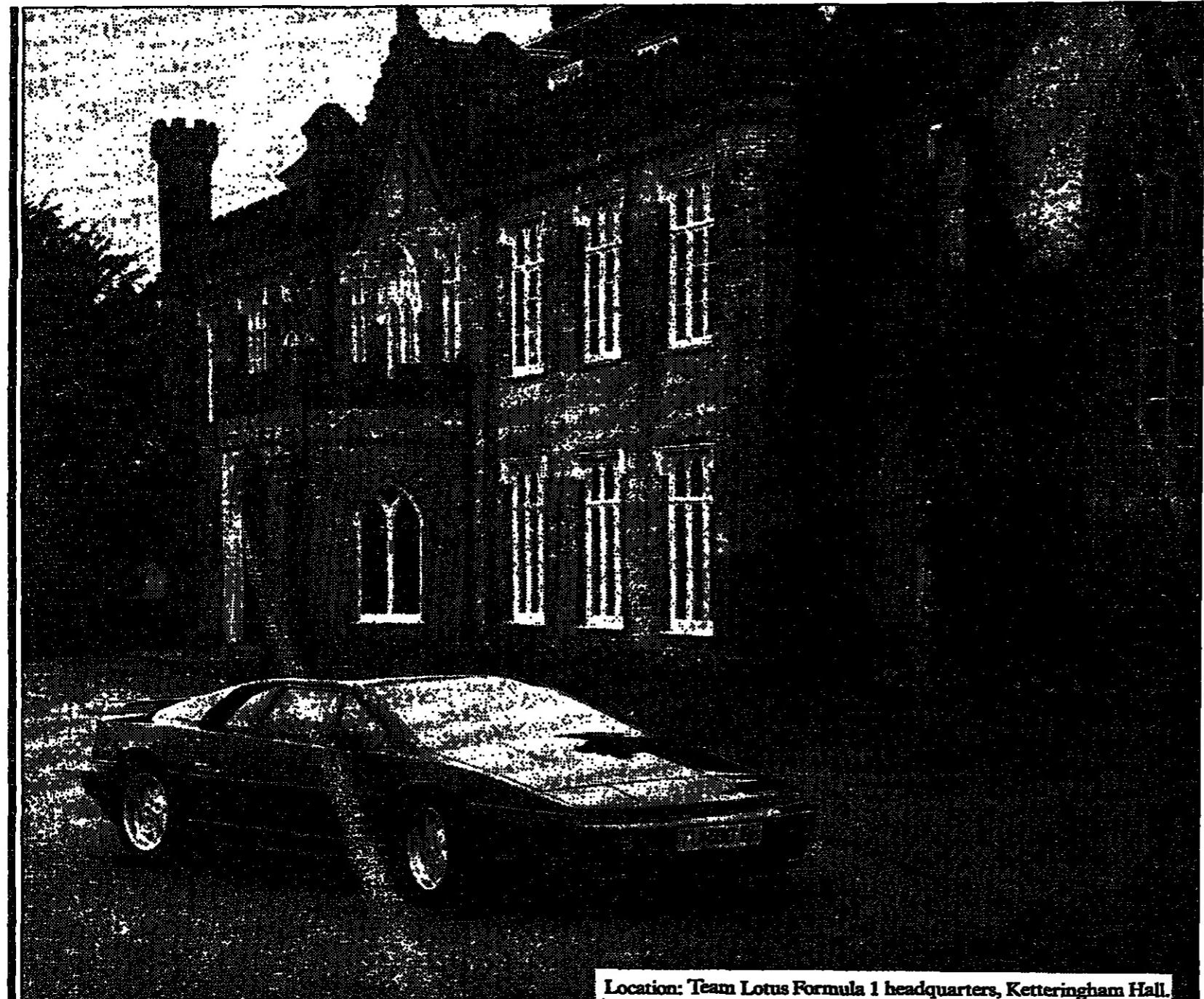
These were frequently produced in short series for private owners whose demand to this day is strong enough to ensure a three to four-year waiting period for the three road cars in production.

Ferrari described himself as more an inspirer of men than a technician. Those who have wanted to excel for him include most of the giants of post-war motor racing from Ascari and Novolari to Fangio, Surtees and Lauda. The technical leaps in racing car design made over the past 40 years can be seen at the exhibition through the front-engined 1952 Type 500 with which Ascari won the world drivers' championship, the rear-engined 512 with which Surtees won the 1964 championship and the 1989 640 driven with more modest success by Nigel Mansell. Ascari was sitting upright in a metal shell which exposed all

his upper body and required him to splay wide his legs to find accelerator and clutch.

Driver protection was virtually non-existent: no seat belts, no shock-absorbing car body shell and, of course, no steel barriers on the track. Mansell was reclining in a racer with automatic gear change made of advanced materials in service of a design whose strength he has involuntarily tested against solid barriers on more than one occasion.

Increasingly reclusive in his modest office at Maranello near Modena, Enzo Ferrari presided over all of these and many other revolutions until his death at the age of 90 in 1988. The opening pages of the exhibition's excellent catalogue contain one black and white picture of the young Ferrari behind the wheel of a 1920 Alfa which he had raced in the Targa Florio. His expression is one of sublime happiness. The man's dedicated search for fulfilment has now found an ingenious and posthumous expression on a Florentine hill-top. L'idea Ferrari runs until September 30.



Location: Team Lotus Formula 1 headquarters, Ketteringham Hall.

British racing and green.

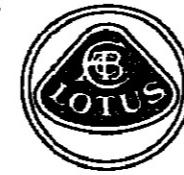
Britain's new chargecooled Lotus Esprit Turbo SE produces 264 bhp and reaches 60mph in 4.7 seconds, on the way to a possible 163 mph, where conditions and regulations allows.

Speed, however, should never be the ultimate goal.

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And in keeping with the times, the Lotus engine in this latest addition to the Esprit range employs unique new technology and a catalytic converter for a cleaner, quieter environment. The engine accepts only unleaded fuel and comfortably meets the toughest noise regulations in the world.

This brings a whole new meaning to British Racing Green. Handling performance and style.



The Lotus range includes the mid-engined Esprit from £30,700 to around £45,000, the Elan and the Elan SE from under £20,000 and the four seater Excel SE and SA (automatic) from £26,400 to around £30,000.

For a test drive with your nearest dealer or for a brochure call the Lotus Brochureline on 071-253 7073 (24 hours).

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The winning wedge

Stuart Marshall test drives Vauxhall's new Calibra coupe and comes away impressed

VAUXHALL must be on to a winner with the Calibra coupe (pictured below) which has just gone on sale in Britain. It is based on the highly successful Cavalier that is sold on mainland Europe as the Opel Omega.

The Calibra's wedge-shaped styling with slit-eyed headlamps is aerodynamically efficient as well as visually pleasing. So efficient, in fact, that it creates less fuel-consuming drag at motorway speeds than any other regular production four-seater in the world.

For all its low-slung good looks, it really is a four-seater, not a cramped two-plus-two. Full-sized people find it has reasonable legroom in the rear, provided the front seats are not shoved right back, although a tall person's head comes just under the sloping window. For extra carrying capacity, the generous load space can be doubled in size by letting down the back seat.

The engine is a fuel-injected, 2-litre, 4-cylinder with a catalytic converter complying with the most stringent emission standards.

There are two versions. One has two valves per cylinder, puts out 115 horsepower at 5,200 rpm and develops maximum torque (that is, pulls hardest) at only 2,600 rpm. The other, with four valves per cylinder, develops 150 horsepower at 6,000 rpm and maximum torque at 4,800 rpm. This engine is also used in the Vauxhall Astra GTE and Cavalier GSi.

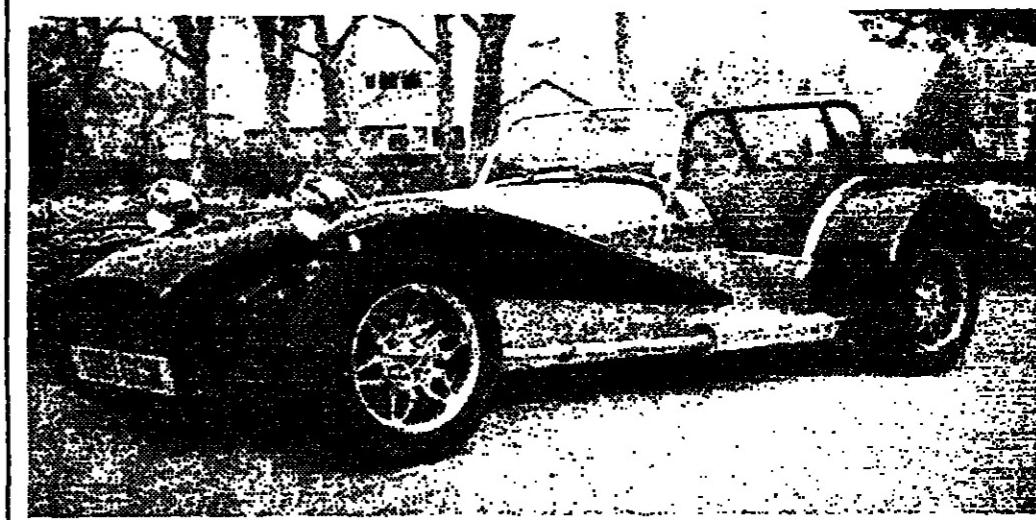
I tried a Calibra with the

sporty, multi-valve engine in southern France last week. In early June, traffic between Monaco and Nice isn't yet bumper to bumper, but crowded enough to make ease of driving and flexibility more important than claimed maximum speeds and minimum acceleration times. For the record, they are 139 mph (224 kmh) and 0-62 mph (0-100 km) in 8.2 seconds.

The driving position behind the small, leather-covered steering wheel felt made to measure, the gearshift quick and easy. It was as relaxed to drive as a family saloon. Later, away from the over-developed coast, I enjoyed its taut, well-



A home-made machine Mr Toad would adore



The Caterham Super Seven: a build-it-yourself sports car

WHAT WAS first made in 1957, has a space frame chassis, an aluminium two-seat body, is usually sold as a kit and, ready for the road, is worth more than it cost?

The answer: a Caterham Super Seven, previously known as the Lotus 7 and, in the view of some enthusiasts who have built them, quite possibly the ultimate kit car.

One who has no doubts is Richard Russell, of Sandfield Park, Liverpool. Like many of today's motorists, Russell normally drives a hatchback but finds performance cars fascinate him.

"It is easy to be sensible and settle for a car that transports me with great efficiency and numbing blandness," he says. "Inevitably, the old feeling returns. I can identify with Mr Toad in *The Wind in the Willows*, crying 'Poop! Poop!' as he watches some fantastic vehicle thunder by."

After flitting with the idea of buying a Caterham Super Seven for some months he finally succumbed at an Oulton Park race meeting when he had a chance to see one close up.

"To call it a kit car doesn't do justice to such a beautifully made vehicle," says Russell.

"It was a shock to be confronted by such perfection in engineering."

Having ordered one, he then had to wait six months, during which he found, bought, renovated and tuned a Ford 1600 cc oval engine. By using a second-hand engine the 10 per cent Special Car Tax is avoided. The car isn't classed as new and a registration number is issued.

Finding one was surprisingly difficult although they were made in large numbers for Cortinas, Escorts and Capris. Now they are in such great demand by kit car builders that they are scarce.

Russell tracked one down at last in a scrapyard and rebuilt it like new. He comments: "The Special Car Tax I saved was won by extremely hard labour and the frustrating pursuit of spare parts." He had the satisfaction of knowing the engine was built to the highest standards. But it was so time consuming that if he built another kit car, he would think hard about the wisdom of using an old engine to save tax.

Only when he arrived back home in the hired van in which he had driven 400 miles to collect the kit of the Super Seven from Dartford, Kent, did he appreciate what he had taken on.

Apart from the body/chassis unit, to which windscreens, wiring and brake lines were already fitted, there were 10 large cartons full of components. Many were supplied as individual parts that had to be made into sub-assemblies before adding them to the main body unit.

The factory said assembly should take about 120 hours. Russell, more interested in

quality than time saving, spent 140 hours putting his Super Seven together and says he enjoyed every moment of it.

Before the car could be registered it had to pass an MOT test and the last hurdle was insurance.

Most major companies will not cover kit cars. Russell knew the Super Seven was rated Group 7. Even so, the first quotes shocked him. But, rather than waste time shopping around for better ones, he paid up to get the car on the road.

Comprehensive cover cost him £622 (more than 6 per cent of the cost of the kit) and that included a 60 per cent no-claim bonus. Nor is he that pet hate of the insurance industry, a young sports car driver, but a highly experienced 45-year-old with a good record.

MOTOR CARS

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The Super Seven turned out even better than he had hoped. "It's the most exhilarating car I have driven," he says.

It was awkward for a six-footer to get into but fine once inside, with the transmission tunnel keeping him in place on corners. "It is so low that Minis tower above me but visibility is good, especially with the hood down."

The Ford 1600 cc unit delivers 135 horsepower, pulls very well from 2,000 rpm and allows instant overtaking. "I need only use half its potential performance to keep up with normal traffic," Russell says.

He is not so keen on the noise from the engine air intakes which can make long journeys tiring though it is better with the hood down when the noise is blown away together with the wind.

His biggest surprise, after the outstanding performance and roadholding, was the way the Super Seven attracted friendly, enthusiastic comment from strangers.

A few weeks ago someone made him an offer he couldn't refuse and he sold the Super Seven for £11,550. The kit had cost about £10,000. On the face of it, that was a profit of £1,550 – but it takes no account of 140 hours of labour plus all the time spent tracking down an engine.

From his experience, one would hardly get rich on the proceeds of building and then selling kit cars.

However, Russell seems to have caught the bug. He is now looking at another Super Seven, this time with a painted, not plain aluminium, body – and a heater. His car lacked one and was, it seems, a bit too chilly for comfort.

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GARDENING/OUTDOORS

Robin Lane Fox reports on the growth in 'designer pots'

Advance of the terracotta army

THIS week there is one for you all. Anyone can try it, even if they are stuck in a tax-haven, waiting for something to happen. You all have enough room; you will probably be much better at it than I am; the state of the art is going your way.

The art is gardening in pots. I promise you no jokes, no pot-crazy comments and only one pun. The subject is serious and I have just seen it beautifully treated. I hunch to look at my two huge terracottas, mounted on concrete blocks, under-planted with young green box and mysteriously filled with white everlasting pebbles and a form of privet, which is making slow progress. Imaginative gardeners would have gone wild with them.

The art is to do-over it, while

men's profusion: the country's best specimen of white *Carpentaria Ladham's Variety* was in full flower and the planning and planting of a husband-and-wife team during the past 40 years was looking enchanting.

The Merton method with pot

gardening is dramatically sim-

ple: pack them in, standing

room only. Mercifully, she

never ran London Transport,

although she would have

brightened up the Under-

ground if they had given her

free rein.

In recent years she has been

planting pots with a panache

which batters all the rules. She

began to visualise the with

three separate tiers of height.

In the middle, she would put

something as much as 5 ft

high, a tall Abutilon or a group

of summer lilies (the yellow-

flowered citronella forms are

one of her favourites).

Then comes the inner ring,

the Chelsea or Notting Hill to

the central feature. Mrs Merton

likes particular fuchsias, espe-

cially Lottie Hobby and Tom

West. Over the edge come the

sprawling outskirters, the Wand-

sworth or Acton, except that

they are a mass of verbenas

and daisies and ivy-leaved

geraniums.

I would never have dared to

over-plant so outrageously, at

the Chelsea Show there were

hanging baskets with a hun-

dred violas in each, which keen

gardeners longed to liberate.

Mrs Merton finds that over-

crowding works well if you add

plenty of manure or fertiliser

to a well-drained John Innes

Number One compost. She also

uses perlite and some peat to

hold water; every week she

feeds each pot with a liquid

fertiliser (Phostrogen would be

excellent). Shredded pig

manure, she thought, would be

lost in your aesthetic grip.

Our pot-queen is a Mrs Merton, of The Old Rectory, Burghfield, near Reading, Berkshire. The Mertons' exquisite garden will be open on Wednesday, June 27, and the last Wednesday of each month in the season from 11 am to 4 pm, if you want to test my judgment.

When I saw it last weekend

the pots were poised for a sum-



Louise Maggs, a gardener at the Old Rectory in Burghfield, tends to some of the plants

sensational: so would the small, but my heap of it still needs a home.

Pots, therefore, should be seen as jungle landscapes which can take a mass of heights and colours. One Merton container appears to hold the following: three citronella lilies, three green-yellow *Heliocrysum Limelight*, which match the strong yellow edging on the leaves of an *Agave* (the gift of a neighbour), five *Verbena Loveliness*, three double-flowered yellow *Bidens*, one *Abutilon Canary Bird*, one white *Hosta plantaginea* (which is scented), two pale yellow daisies called *Argyranthemum Jambusina Principe*, one *Tibouchina Mellifera*.

Twenty-two plants fill one container, which is about 2½ ft wide. Mrs Merton emphasises the decision to go from 18 to 27 in diameter. It may sound hapless, but it is all planned with the most sensitive care. In the early years, Mrs Merton experimented with her admirable guru, Susan Dickinson, whose training had begun at Sissinghurst. Together, they worked out colour-schemes within each pot and also schemes between pots, about 10 of which line the front race alone.

I found it all an eye-opener.

Here were 10 separate gardens side by side, any one of which could be transplanted to somewhere non-green and unpleasant, Hong Kong perhaps, or an Arab Emirate. Mrs Merton has gardened for years in France, where she finds that she learned the knack of these plantings. The best hope of brightening an expat garden is to bring out what gardeners want.

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He names some fellow

princes, affectionately, but his own range is marvelous, from

Perhaps you are busy on June 27 or on future Wednesdays. If so, you can gain an idea of what results in a book which also opened my eyes.

Jim Keeling's *Terracotta Gardening* is just available from Headline publishers, price £14.95. Mrs Merton starts the text rolling and other skilled contributors add to the style.

Jim Keeling is the founder-owner of Wychford Pottery, Shipston-on-Stour, Warwickshire (telephone: 0608-84416), and is the natural answer to everyone's question: "Where do you find the pot?" He makes them himself with that patient, laudable blend of devotion and obsession which fellow gardeners in other fields will recognise.

Keeling is a prince of pottery, a half-hardy plant which propagates easily and flourishes in a pot-pot-pot. Keeling and his fellow-princes are true to what gardeners want. Anywhere you can make your own fantasy landscape and, when you sell the house, this one at least you can take with you.

Cretan jars to ribbed Italian terracottas. Mrs Merton has used them for years and swears by their stamina in cold winters. Machine-made terracotta will merely split in a hard frost.

I will be returning to the pot-question in other weeks.

Meanwhile, the book, the photos and my visiting have set me off on a new pursuit.

It has to be better than fishing dead moles from the swimming-pool. The beauty of it all is that the style is only just beginning; small nurseries have sprung up, selling masses of the half-hardy plants which propagate easily and flourish in a pot-pot-pot. Keeling and his fellow-princes are true to what gardeners want.

Anywhere you can make your own fantasy landscape and, when you sell the house, this one at least you can take with you.

Clive Fewins on the sad fate of a college tradition

Oxford's lost barges

THE OXFORD college barges, the glory of Eighties week and monuments to an age of elegance, have seemed in recent years to represent another of the university's famous lost causes.

Yet despite severe setbacks, a group of dedicated enthusiasts still hopes to restore some of them to the banks of the Isis, from which generations have cheered their rowing crews to greater exertion to bump the next boat.

Eights Week, or "The Bumping Races," held this year from May 23, has been an integral part of the Oxford scene since 1815, when groups of undergraduates from rival colleges used to race each other back to Folly Bridge near the centre of the city after an evening out at a riverside inn down the river at Sandford-on-Thames.

Crowds would spur on their college crews to "bump" each others' boats. When a crew "bumped" the boat ahead, it replaced it in the starting order next time they raced. The top crew would be named Head of the River.

The riverside frolics, the bump suppers and college quad bonfires still continue much in the old tradition.

However, the college barges – ornate floating pavilions that added colour and character to the river for the best part of 100 years – are now missing.

Dating originally from the early 1860s, they were modelled on six London guild barges brought to the university city about 10 years earlier. No other university followed suit, and right up to the building of the last one in 1930, the 26, all very different, lay moored on the Isis, admired by visitors from all over the world. But in the 1930s and 1950s colleges found it more convenient to build boathouses with luxuries such as showers, and one by one the old barges were towed away to barge water moorings.

The last college barge, originally belonging to Wadham College, was removed in 1973. But before this, in 1967, a group of undergraduates had formed the Oxford College barges preservation trust, dedicated to restoring and returning a handful of these lovely craft to the city.

The object was to ensure they stayed there in perpetuity and, if possible, to turn one or more of them into a floating museum dedicated to the his-



A barge outside the barges by Christ Church Meadows in a Torpids race during the 1880s. The barges were the focal point of social life during races until replaced by boathouses in the 1950s

Country View

Pool resources

A garden spring could save you a fortune, says Michael Stourton

ANYONE thinking of installing an outdoor swimming pool should consult at least one swimming pool owner before going anywhere near a supplier of pools.

The person consulted should be someone renowned for his objectivity. He or better still she, should have been an owner for not less than two years, preferably longer. Let him tell you not about those two - or was it three - glorious days around the pool the summer before last, but about the complete swimming pool scene over 12 months.

How the frost cracked the tiles, how poor Patch became enveloped in the solar blanket, how dreary the pool looked throughout the winter, how the work referred to by the supplier as "just routine maintenance" seemed like a life sentence to more people than one might think. An alternative that involves no heating costs, virtually no maintenance, no danger to the dog and a visual asset throughout the year.

All one needs is a natural water supply and space to dig a hole in the ground. The merest trickle of water will suffice. A spring is ideal.

Swimming nose-to-nose with colourful dragonflies and suffusing summer scents at marsh-marigold level are experiences cheap at the price of hiring a drag-line to excavate a pool of the size, shape and depth of your choosing. The excavated soil becomes your dam.

Swimming in a natural pool is, of course, restricted to warmer weather but at other times the pool will provide you with trout fishing and opportunities for creating a water garden.

The one question everyone asks is how one avoids getting one's feet muddy on entering or leaving the pool. No problem, as they say. You construct a small timber jetty with steps down to the deeper water. The jetty serves also as a diving platform.

"It's all so simple. And, best of all, you'll be talking in terms of spending hundreds rather than thousands," he says.

THE Soviet Union is the world's strongest chess country, and tournaments staged in the USSR have a reputation as graveyards for visiting players. Defeated contestants trail back to the West with awed reports of their favourite openings refuted and of individual successes.

Speelman, 33, was a world championship semi-finalist last year and has won three Olympic silver medals with the England team. Starting his chess career as a pure tactician, he has gained stature by blending technical skills with his natural game so that he can switch styles at will, outplaying weaker opponents positionally while stirring up complications against stronger rivals.

At Moscow he patiently won a difficult queen-rook end-game with an extra pawn against de Firmian, contrasting with the opportunist tactics he used to beat Kasparov in the recent Infolink-Thames TV televised tournament.

Differing chess styles and perceptions were also in theme in this week's game, played at Moscow between Canada's No. 1 and the reigning USSR champion. Spraggett likes flank openings where his pieces can snipe at his opponent's centre from a distance.

Vaganian countered by feinting to defend his central pawn bastion, then, at move 11, exchanging pawns.

This plan left Spraggett with a pawn centre, but because his pawns were far back on the second and third ranks the middle squares became an open battlefield over which pieces fought for control.

Vaganian targeted his queen and rooks on the central files and used his opponent's strategy to outflank the defences at c3 and g4. In a poor position, Spraggett blundered at move 40, the last move before the time control, and resigned when he saw that if 41 dx4 Qxd4+ 42 Qg2 (42 Rg1 Qd4+ 43 Nc5) 43 Qd4 leaves White two pawns down.

White: K. Spraggett (Canada), Black: R. Vaganian (USSR).

English Opening (Moscow 1980)

1 e4 c5 2 g3 Nf6 3 Bg2 d5 4

Arthur Hellyer with a mid-season spot check on his garden

Half-time and doing well

TOUGH I have heard many complaints from garden owners about the damage caused to their plants by drought. I have suffered none in my own, which is in Sussex. For that, no doubt, I have in part at least to thank my close textured, moisture-retentive soil, but nevertheless I suspect that a good deal of the anxiety has been exaggerated.

On the whole dews have been heavy this past spring

and plants always manage to absorb a lot of moisture from this source via their leaves.

It is wise to remember when watering is restricted because, partly by spraying plants especially in the evening and partly by maintaining a loose soil covering at all times, it is possible to keep plants growing much longer than one might expect.

Almost anything can be used as a mulch: compost, chipped or pulverised bark or grass clippings are all excellent.

TRAVEL

Africa untamed: but for how long?

"THE BEST safari," said Bartle Bull, the writer, in his chronicle of safari life, "is the one closest to nature. With a very few, very good friends."

"There is no substitute for walking until you have had enough, and then forgetting exhaustion as you spot the magnificent creatures that no imagination could have conceived. Elephant, rhinoceros, giraffe. Then stalking or crawling in close, until you smell the elephant or hear the rhino chew the acacia thorns."

"Finally, if you have learned to require neither a trophy nor a photograph, to respect the animal, to let it continue its life undisturbed, to leave it as you found it."

My sentiments exactly. But putting together that kind of safari isn't easy. Today there are travel companies everywhere who will take you to the great game parks where in company with a herd of other Land Rovers you can be certain of seeing the "big five" and lots more. But to see untouched Africa as it once was, and may never be again, quietly, with a small group of like-minded people, with guides who know every leaf and spore, who can bring the experience to life, isn't easy.

This was the dream that I asked David Hartley, of Okavango Explorations, to bring to life, and this was how 11 Financial Times readers, the writer Lyall Watson, who grew up in Africa and knows and loves its ways, and I came to find ourselves in the remote south western Kalahari camping under the acacia trees beside Masethang pan.

We had flown from Gabarone to Hukunzi where we'd been met by Izak Barnard, the son of one of Africa's most legendary ivory hunters, who himself now shoots nothing at all and shows reverence for every small part of the bush. To go into the south western Kalahari alone would be almost impossible and certainly foolish. To go with somebody like Izak is to have a very special experience. Izak is one of that special breed who has tramped almost every corner of this part of the world, who knows every pan and every track and who is in touch with the last sad remnants of the bushman culture. Above all, he is ready to share his love and knowledge with those who are lucky enough to

go out with him.

With Izak we learned above all to see. At first we saw nothing but rolling grassland and beautiful acacia trees. Gradually we learned to understand something of the complex life that makes up the superficially empty Kalahari. A whole world began to move into focus, a world of pods and spiders, of beetles and leaves, of snakes and birds, of flies that flower for just 12 hours and then die.

We learned the wisdom of Burchell, the great traveller, hunter and botanist:

"In nature in the bush nothing is wanting, nothing is superfluous, and the smallest weed or insect is indispensable."

We learned to recognise the grunt of the hippo, the cry of the fish eagle, the flight of the bateleur eagle. We saw tiny bee-eaters huddled together against the cold, we saw the rare Pall's fishing owl hunting at night, we saw lions torpid after a kill and a magnificent leopard idly flicking its tail as it lay in a tree. These are sights and sounds that to me are more precious than temples and art galleries, and the more so because they seem so threatened.

I can only reiterate what I have said before — go now, go before the whole of Africa becomes a tame and modest garden. Every year the wilderness is encroached on. In the six months since I was last in Botswana I noticed changes — and none for the better. The Tsodilo Hills are the most glorious repository of Bushman art in the world (what my father called "A Louvre of the desert") but they were also gloriously inaccessible. Any day now the tarmac road from Shakawe will be finished. The results are already in evidence.

The marvellous panel of eland, giraffe and tiny artists' hands that lay untouched for hundreds of thousands of years, that my father first saw on a golden day in the 1950s and that I first saw in all its splendour last October, has been defaced by foot-high graffiti across its middle. Around the hills, once silent and mysterious, there are now empty cans, tattered piles of rubbish are building up, the Land Rovers are beginning to accumulate.

Out in the south western Kalahari a borehole has already been established. Right beside Masethang, where we camped, the Canadians and the Botswana Government were looking for oil. Happily they did not find it but the borehole sunk to pro-



Stepping out in style: an ostrich on Botswana's Kalahari reserve

ably necessary to the general good. Nothing more bespeaks a littleness of mind, than to regard as useless all that does not visibly benefit man."

In our four days with Izak we saw little that was conventionally exciting or that is the usual stuff of camp-fire tales — we weren't chased by a lion nor did we have a near escape from a buffalo charge — but there wasn't a single person who came away unaffected by the moving nature of the world that Izak and Lyall between them brought alive.

We saw with our own eyes how the early abundance of Africa has gone and will probably never return. It is only by reading the memoirs of the old explorers and hunters that we can begin to understand what Africa used to be like. Those first explorers found animals in such plenty that elephants were seen to forage in herds of hundreds. At times antelope covered the savannah like a carpet. Lions were so prevalent they were regarded as pests. A hunter might see 150 rhinoceros in a day. Today we have to go to Africa in a different frame of mind. We have to learn to find interest in the small things and that Izak taught us above all.

Although only Izak Barnard can take you into the south western Kalahari

vide water for the drillers will probably now be left to provide water for cattle. As Barnard told us: "At the moment all the game in the south west migrates through Masethang pan on its way to the central Kalahari because it is the only unoccupied pan in the area. All the other pans already have settlements and boreholes. Once there is a permanent borehole and cattle can be kept the people will move in, then the game will be shot out and one of the last wilderness areas will soon be gone."

The message is, I'm afraid, unrelentingly gloomy, but if you go off the beaten track Africa can still offer up a matchless feast for the senses and a matchless lesson in what will be lost to us when the landscape is finally empty of animals, when the last campfire is put out. But only go, I beg you, if you go quietly, if you are prepared to listen to the sounds of Africa to go along with its rhythms and are prepared to leave every place and every animal exactly as you found it.

Information:

■ Okavango Explorations, Regency House, 1-4 Warwick Street, London W1R 5WB.

■ Izak Barnard, through his company Penduka Safaris, will take individuals or groups to the South Western Kalahari and to the Central Kalahari, PO Box 55412, Northlands, Johannesburg, South Africa.

■ Safari: *A Chronicle of Adventure* by Bartle Bull, published by Viking, £20.

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BOOKS

Best left to speak for himself

William Packer on publications inspired by Van Gogh's centenary

AHUNDRED years ago next month, at Auvers-sur-Oise to the north of Paris, Vincent Van Gogh died two days after shooting himself in the chest. He was 37. This of all anniversaries was sure to be marked in a welter of publications, for Vincent, so tormented and neglected in his lifetime, remains the most popular and accessible of the modern masters. Quite what good it all does is another matter.

The story is well known, almost to the point of tedium, and while the details of the earlier life have been much fleshed out by recent research, the effect is only to confirm what was previously inferred. As for the later years, his letters supply the most giddily effective of autobiographies which, with the works to which they are so intimately bound, tell us all we ever need to know. With Vincent Van Gogh we face in the clearest possible way the old, old problem: that the life too easily gets in the way of the life's work.

That is not to say the artist's biography does not have its uses, but the more factual and straightforward it is the better. David Sweetman's exhaustive new study of Vincent's life, *The Love of Many Things*, is a curious combination of faults and virtues, simultaneously factual and speculative, serious and yet oddly vacuous.

THE LOVE OF MANY THINGS
by David Sweetman
Hodder & Stoughton £17.95, 391 pages

Sweetman is no writer, his text too often as crass as a serial in a Sunday paper - "There was stunned disbelief at the first reports that an inadequately prepared French army had suddenly surrendered at somewhere called Sedan." Vincent unfastened his portfolio and spread out the drawings. Chrispens wondered what he was supposed to say?

Even so, the book has its virtues with the family background and the general sequence of events, friendships, influences and crises conscientiously set out. Especially good is the account of Vincent's time as a missionary among the miners of the Borinage, in the Belgian coalfields, in 1879, just before he turned finally to art. It is a period often represented as of unmitigated and abject failure in his religious vocation. Here it seems more positive than that, with a true heroism to be found in the compulsive, idealistic self-abasement through recurrent nervous crises. The case for Vincent coming to his vocation as an artist, not by rejection but through the reconciliation of his religious and



'The Woodcutter,' a chalk drawing of 1885 from the centenary exhibition catalogue of the drawings of Vincent Van Gogh at the Kroder-Muller Munder Museum, Osterio

creative impulses, intuitively recognised by the Reverend Pietersen, of Brussels, to whom he turned for advice, is convincingly made.

The book's title is adapted from Vincent's own writings - "I always think that the best way to love God is to love many things." More tautly written and half the size, it would be twice as useful.

The picture-books, meanwhile, continue to appear. Most covetable of the latest crop is the two-volume catalogue of this summer's great centenary exhibitions in Amsterdam and Osterio, of the paintings and drawings (Mondadori Arte de Luca: distributed by Thames & Hudson, 336 and 222 pages, £58 the set). Each volume carries several critical essays, and every single work exhibited is reproduced in full colour. The

Pascal Bonafoux adopts a similar approach for his *Von*

catalogue of the drawings is especially useful, for they cover in the most close and intimate way Vincent's career as an artist from first to last. There has never been so large a show of them, and many have seldom been seen.

Vincent van Gogh by Hans Bronkhorst (Weidenfeld & Nicolson £25) is a straightforward account of the life through selected works set out and annotated in their chronological sequence, with extracts from the letters as appropriate. The reproductions, too often flattened and over-glossy, are adequate rather than brilliant.

The text is rather more interested in circumstantial details, both of the life and subject-matter, than in painting as painting.

Pascal Bonafoux adopts a similar approach for his *Von*

Gogh (Barrie & Jenkins £19.95, 160 pages), which he prefacing with an extended critical essay and supplements with a skeleton catalogue of what he considers the essential works. Again the places in Vincent's odyssey as a painter supply the framework of the book, only here augmented by photographic and documentary material. Bonafoux makes copious but effective use of the letters. The design is more adventurous, the reproductions rather better.

In this quasi-biographical genre, Bruce Bernard's brilliant and pioneering edition of the letters, *Vincent by Himself* (Orbis 1985) remains supreme, the words beautifully chosen and illustrated and the letters that relate to them left entirely to speak for themselves.

The not so lost race of the movie world

WRITERS IN HOLLYWOOD 1915-51
by Ian Hamilton
Heinemann £14.95, 315 pages

ert Raskin on Capra's - he lost the credit or kudos there. *Stagecoach* is forever a "John Ford movie." *Mr Smith Goes To Washington* has Capra trade-marked all through it like a piece of seaside rock.

The Hollywood writer is a semi-disposable animal. At best, he provides a diffident, unsung blueprint for the final work. At worst, he creates in order to give the star and director something to destroy.

The best thing about Hamilton's book is the awareness it gives us of the protean nature of the screenwriter's task. In the years the book covers, he was required to be all things to all movie exigencies. He could fit back on a bed of riches, like

P.G. Wodehouse or Aldous Huxley, and earn thousands for doing almost nothing. He could slave away twelve hours a day in a "writing pool." He could pen original ideas that would then be hijacked and changed beyond recognition (like Brecht on Fritz Lang's *Hunger* *Also Die*). Worst of all, perhaps, like William Faulkner or Raymond Chandler, he could find himself re-tooling inferior authors' works for the screen. (Why? Because he needed the money.) Faulkner worked thus for Howard Hawks on Chandler's *The Big Sleep*; Chandler for Billy Wilder on James M. Cain's *Double Indemnity*. In both cases, alcohol and/or desperation became part of the work process. Hamilton cites the deathless occasion when a plot-flummoxed Faulkner wrote to Chandler to ask him who killed the chauffeur in *The Big Sleep*. Chandler replied

that he had no idea.

The writer could also be - and this surprisingly was among the top jobs - a script fixer or "corse ranger." Robert Towne (*Chinatown*) is famous in this role today. Back in Hamilton's remembered Hollywood, the man-in-demand doctoring sullen screenplays was Bert Hecht. Hecht earned a fortune and seldom claimed a credit. He worked on everything up to and including *Gone With The Wind*. In a sour moment, he also spoke one of the wisdoms that should be skyrifted today in the age of the so-called auteur. "A movie is never any better than the stupidest man connected with it."

I find it odd that Hamilton stops at 1951 at all. In Hollywood last year I trawled the town for top screenwriters and confirmed for myself a startling phenomenon. Far from being the lost race of movie

creativity - which is how Hamilton leaves in the Armageddon wake of the Huac hearings - the writer today is among the most powerful people in the land. Erstwhile pen-wielders set their own terms for becoming top directors: men like Oliver Stone (*Born On The Fourth Of July*), Barry Levinson (*Rain Man*), Robert Zemeckis (*Back To The Future*). And script prices are going through the roof. Latest record: \$1.75m, for a new script by the writer of *Lethal Weapon*.

Hollywood is at last realising, as Hamilton leaves us thinking it never did, that the man with the "idea" may be the most powerful person in the land. Since that of losing a big fish, since, after all, there must be some slight transition between life and death," says Maclean, a whopper just got away.

"With a big fish, one moment the world is nuclear and the next it has disappeared. That's all. It goes and you are extinct, except for four and half ounces of stick to which is tied some line and a curved piece of Swedish steel to which is tied part of a feather from a chicken's neck." The time of which he writes was the end of the frontier years, the last in which north American man had mainly his own strength and skill to rely on in the effort to master nature.

It is one of those books whose best bits you want to read aloud, following people round to do it. You learn a great deal: the Zen-like passages on how to cast a fly have the precision and passion of any thoughtful man aiming to convert a few simple physical actions into an obsessive art-form. It could as well be golf, or cricket, or jockeying; Maclean gives you, besides logic and fine-fining, at the very least courage and power and the lady on the other side of a thin partition in a swimming bathhouse.

But otherwise it is the book's judicious clarifications of many a befuddled issue that earn its chief recommendation. Raskin doesn't conceal the fact that he has assiduously reworked his original material. Some of the "essays" are journalistic reviews distinctly miffed with titles like "Subject Matter in Poetry" (an onslaught on Peter Porter) or "Poetry and Philosophy" (a disaffected look at Charles Tomlinson). Others, like the droll pair of radio and television columnists, pretend to be no more than what they are. But, to borrow one of Raine's own metaphors, this book is the rich red beef, not the meat and two veg. of criticism. It stands to change metaphor, as a monument in an age of ideology to purely literary pleasures.

Paul Driver

Fun with literary riddles

though he were skinning himself, and his hat as though scalping himself.

Kane multiplies the examples and seems to reach through the loving exactitude of his observations, to the heart of Dickens's queer and copious imagination. The two essays on Dickens and three each on Eliot and Stevens, are among the most valuable of the collection - original in their stance, enterwise in their implications, and displaying intense familiarity with the question in question.

But the author's range is wide, as wide indeed as the Eng. Lit. syllabus at Oxford University where he taught for years. He has fresh things to say about Ben Jonson, Dr. Johnson, Donne, Marvell, Coleridge, Hopkins, Kipling, Joyce, Auden, Betjeman, Golding; he is thoroughly at home with modern American poetry and, though he doesn't write about it separately, with 19th

Stevens's poetry is particularly in need of such single-minded attention, having been subjected to every kind of reading except that which can identify what, at a given moment, it is actually referring to. Raine, whose own poetry is based on the extensive use of disarming metaphor ("Martian eye-view" metaphor in which homely objects are made strange - finds it in T.S.E. and Dickens's propensity for cunning, metaphorical plays, in identifying which he is able to shed light on hitherto obscure passages of text.

Raine points to the pervasiveness of ingenious periphrasis in the novels of Dickens, a writer for whom the revivification of cliché follows from an "almost abormal sensitivity to language." Mr Vholes in *Bleak House* is not described as having skin-tight clothes but as taking off his gloves as

century Russian fiction too.

His tone couldn't be less academic, however. Though his Judgements are as carefully argued as any Oxford don's, his execution is not so much exhibited as taken for granted as part of the sheer hard work that should go into the writing even of a modest review. His addressee is Dr. Johnson's "common reader," and the emphasis of his prose is all on eloquence, clarity, liveliness and humour.

Once or twice the humour is gained at the expense of critical sensitivity. For example, a too vigorous Anglo-Saxon scepticism is brought to bear on the intellectual style of Elias Canetti; and in a generally delightful lecture, "Poetry

Today," Raine is unfairly rough with the poetry of Tony Harrison. His terse dismissal of Wilfred Owen's verse is also, I think, mistaken; there really is more to this poet than poetics.

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Caught, hook line and sinker

A RIVER RUNS THROUGH IT
by Norman Maclean
Picador £11.95, 217 pages

WE SHOULD be grateful to Pan Books for bringing this little gem across the water. First published by the University of Chicago Press in 1976, it has come to be regarded as a modern classic, partly among lovers of good writing and especially among literate fishermen. The author, who taught English at the university for 45 years, started writing after turning 70. His students had included Saul Bellow and Philip Roth; his own work has resonances of Mark Twain's humour, Ernest Hemingway's lean prose and Robert Frost's poetry. Frost was one of Maclean's early teachers - but this listing of the names of great American writers who have touched or been touched by the author should not lead you to think that his work is artificial, or pretentious.

In our family, runs the opening sentence, "there was no clear line between religion and fly fishing." This starts the first of three stories, two long and one short, in which the river and mountains of Montana form the mythical landscape. The mythical landscape is provided by partly autobiographical reminiscences of his Scottish ancestors in an earlier, rugged, time, some decades before the liberation of women. I dread to think what a contemporary feminist might have to say of the world here described. Let me say that this is not the America of thirty-something: this is the quality West. You get pimps, and prostitutes, and drunks, and gamblers; but most of all you get tree sons of the earth, at their happiest fighting, fishing, or logging.

The body and spirit suffer no more sudden visitation than that of losing a big fish, since, after all, there must be some slight transition between life and death," says Maclean, a whopper just got away. "With a big fish, one moment the world is nuclear and the next it has disappeared. That's all. It goes and you are extinct, except for four and half ounces of stick to which is tied some line and a curved piece of Swedish steel to which is tied part of a feather from a chicken's neck." The time of which he writes was the end of the frontier years, the last in which north American man had mainly his own strength and skill to rely on in the effort to master nature.

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Joe Rogaly

who speak the same language as the reader. Russell James, in his teasing thriller, has a first person narrator, apparently from an under-class, and this immediately creates a problem of language. To give his narration authenticity, James makes his protagonist use double negatives, "like" instead of "as" or "as if," but the effect is unconvincing. Each time an "ain't" or a "gonna" crops up, it seems forced, especially when the same person drops words like cognoscenti and from time to time uses the subjunctive correctly. Purple, meditative passages clog the flow of the story, and the mystery enveloping the narrator, deliberately left unclarified at the end, seems something of a fraud. Still, the narrative hooks you; and some set pieces are clever.

Edna Buchanan is a prize-winning crime reporter for the Miami Herald. Her style alternates between terse and pell-mell, the comfortable middle-class do-poetic ("His steps, though cautious, were brisk as the rage and pain ebbed and fell away like a discarded garment"). In any case, *Century* has issued the book in such tiny print that, even if the story were a lot more inviting, no reader who values his vision would want to read beyond the first chapters.

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William Weaver



Richard Hoggart: makes an example of himself!

Observers of life look back

A SORT OF CLOWNING: LIFE AND TIMES 1940-1959
by Richard Hoggart
Chatto & Windus £14.95, 225 pages

were only private soldiers, we

were well weren't going to let ourselves be pushed around." Hoggart writes: "We ganged up to scorn the symbols indicators of that status, and not only the more obvious ones such as the occasional bullying sergeant." Still, most of the time Hoggart the sociologist putrifies occupies a back-seat and lets Hoggart the sensitive observer of people and places do the driving.

Richard Mabey, whose *Home Country* is also a personal account of life in Britain by a professional writer, seems blissfully straightforward after Hoggart. All he minds about is the countryside, which he describes in its varying moods with great ease and knowledge. He grew up in and around Berkhamsted ("... thoroughly colonised by the Greenies") after the war. Young Mabey cannot wait to get away from it on his bike, an ancient Hercules inherited from his Dad, an accountant with a clearing bank, to trace the course of a local river, to explore the Chilterns, and to check out the dates of arrival of migrating birds. "Whaleys came on the 12th of March, chaff-charts on the 16th.

By 1945, his name "he writes, "I had a keen interest in natural history." And his book is "An attempt to tell the story of how an attitude to nature was formed out of the experience of different landscapes." Thus, though Mabey goes to university, we never discover which one or what he studied. Instead we have an animated description of the Norfolk village where he lived throughout the 1960s and its surrounding terrain. At that time, he points out, though it is hard to believe today, "East Anglia was an unknown country. Maps of it were covered with blank spaces and unlittled tangles of blue."

Then Mabey takes a job at Penguin Books in the ill-fated educational section, and this becomes a jumping-off point for his observation on the wild-life to be observed a mile or two away from Heathrow airport where the company's office was then located. By this time Mabey had begun to acquire his reputation as a writer. He discusses his biography of Gilbert White which won an award. He is asked to do a piece on the changing English village, which takes him to Warwickshire, and on the row between the Forestry Commission and the conservationists. This takes him further north to Sutherland whose troubled history since the Clearances he notes.

As middle age approaches Mabey decides the time has come to settle down in his own wood. By one of those extraordinary strokes of luck which ways seem happening to him, he finds the "very thing" in Hertfordshire - "wash with bluebells" with a Fox Sale notice pinned to a tree by the entrance. He writes: "I found I was already besotted by the place. I raised my bid and waited."

Throughout the book Mabey communicates these rural enthusiasms to the reader with great zest and spontaneity. More power to his binoculars.

Anthony Curtis

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Rare Weill event

THE TENTH Almeida International Festival of Contemporary Music opened at the Union Chapel, Islington, with the Matrix Ensemble's British premiere of concert suites drawn by David Drew from three of Weill's seldom performed post-Berlin stage works.

One has to fight back the unworthy suspicion that many "serious" music-lovers might think this the best way to present the scores nowadays, shorn of their theatrical content or any hint of Broadway impurity. You certainly feel that Drew devised "War Play" (hacked out of *Johnny Johnson*, 1935) for the 1975 Berlin Festival because he knew audiences there wouldn't be able to take the real thing.

The suite gains a sadly misleading impression of an important work—the barely-surviving narrative is all jumbled up and the programme notes are little help—and the omission of the climactic "Johnny's Song" seems close to vandalism. I know, it's mawkish and sentimental, but it works powerfully on its own terms as anyone who saw Not the RSC's performance of the play at (ironically) the Almeida Theatre will remember.

We should be grateful to Drew, though, for disintering "Farewell, Goodbye," a fine song with a typically bitter-sweet postlude cut before the opening, and for the authentically detached way in which Angelina Reaux sang it. Otherwise, only Quentin Hayes and Nicholas Folwell as the Army Padres singing the same prayer in different languages hinted at the punch that *Johnny Johnson* can still pack.

Not even the most rabid Wellistein is going to demand performances of Jacques D'erval's play *Maria Galante*, for which he hastily wrote incidental music in 1934. Drew's suite includes all the songs and much beguilingly witty dance music, and will do nicely, thank you. How typical, though, that even when writing in haste Weill should have

Rodney Milnes

come up with one of his greatest songs, "J'attends un navire," which says so much about the indomitable nature of the human spirit. Miss Reaux sang it magnificently, not as a torch song, but in a spirit of angry defiance—nearer to "Caesar's Death" say, than to "Surahaya Johnny."

The revelation—and it was no less—of the evening came after the interval with "Cry, the Beloved Country," Drew's suite from *Lost in the Stars* (1949), the composer's last completed work based on Alan Paton's novel. Adventures of this faultlessly composed score have been forced to admit up until now that even in South Africa, not to mention the US, since 1947 have made it virtually impossible. Weill's musical humanism simply wasn't enough in the face of inhumanity on such an epic scale. But now, with a speck of light somewhere at the end of a long, long tunnel, and with the experience of this stunning performance, it may be time to think again.

Drew has fudged the title-song again, but kept everything else essential and linked the numbers with narrations taken from the novel, delivered here with icy, furious detachment by Ian McLarnon. A fine black chorus has been engaged and distinguished soloists whose totally committed and trusting delivery set, as it were, a seal of respectability on proceedings. Cynthia Clarey's singing of "Trouble Man," and Damon Evans's of "The Wild Justice," were soul-searing in their impact, as was the double-chorus "Fear," all conducted with true theatrical flair by Robert Ziegler.

The poleaxed audience cheered and cheered: *Lost in the Stars* could just be a sumptuous 20th-century masterpiece waiting for someone brave enough to bring it back to life. Meanwhile, there is Drew's suite, and Matrix are repeating the performance this evening: I command it fervently.

Rodney Milnes



A great ghost is laid by a radiant performance from Natasha Richardson

Gimme a whisky . . .

Martin Hoyle reviews the Young Vic's production of Eugene O'Neill's 'Anna Christie'

"GIMME A whisky, ginger ale on the side — boy, don't be stingy, baby." As uttered by Garbo in her first sound film, the lines that launched a thousand clips revisited the sweat-strewn masterpieces waiting for someone brave enough to bring it back to life. Meanwhile, there is Drew's suite, and Matrix are repeating the performance this evening: I command it fervently.

Rodney Milnes

Natasha Richardson evokes a different Ikon: round face framed by blonde hair, the Mary Pickford/Lillian Gish look is right in period and makes sense of the shock that attends this broken blossom's revelations of her slide towards deg-

radation. Anna, you remember, is the 20-year-old (and the actress looks not a day over) left as a child by her seafaring father to be brought up by farming cousins, who turns out to be a scarlet woman. The strength of both Richardson's performance and David Thacker's production is to present both hard-boiled surface and soft centre absolutely convincingly. One believes in both Anna's drift into prostitution and the little girl's vulnerability that never leaves her.

For modern sensibilities, O'Neill's depiction of male horror at Anna's past may well be even more odious than he intended. This is balanced by the corresponding vigour, in time with today's sympathies of a sharply enunciating feminist message. Anna's contentious assertion that "it's men's fault . . . the whole business" . . . "God, I hate them, every mother's son of 'em," and the final lesson, aimed at the infatuated young Irish stoker and her heartbroken old father, that she is nobody's property but her own woman, must have sounded an innovative note in post-Great War society.

Elsewhere there are glimpses of that Irish—and Russian—ability to portray men as vainglorious, posturing incompetents while the women pick up the pieces and get on with life. The besotted young Mat, taking Anna's guilty past as a personal insult to himself (not a word about what she must have suffered), combines pathos, arrogance and absurdity. The writing neatly underpins the hint of a maudlin happy ending with his sudden anxiety over whether Anna is a Catholic. David Harely's last London appearance was as the peroxide queen in the Belfast play *Coriolanis*; he moves from mincing screamer to sturdy stoker with utmost plausibility; and makes that Hibernian prolixity (O'Neill lays on the blarney with a trowel) touching, funny and pitiful in its anguish.

John Woodvine's salty Swedes patriarch is lean and shrewd where the character should be lumbish and fuddled, almost too intelligent (and self-mocking?) for the old man's angry reproaches of "that old devil sea" — in this in-the-round production he apostrophises startled playmates with clenched fist and cries of "you dirty old dog!" If the play's heart beats firm and true with Miss Richardson's radiant performance — unsentimental, hopeful, wry, deftly prickly, inwardly yearning — a word is due to the other female role. As the warm-hearted waterfront lush Marjorie Yates displays sympathy and a capacity for lager that puts the part ahead of even Ophelia in the liquid intake stakes.

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Gable's 'Giselle'

CHRISTOPHER Gable's production of *Giselle* for Northern Ballet Theatre seeks to provide a freshly coherent view of the action as a village drama. The idea is a good one, given the restricted forces with which Gable must make his staging's points, and in this main this version—which I reviewed in February at its Sheffield première—is a recognisable account of the Romantic masterpiece. Some of its ideas are wilful—there is no urgent point served in showing us the inside of Hilarion's cottage—but the essential form of the work is respected, and the updating of the action to the 1920s (when *Giselle* was created) is an informative example of producer's mania.

But whatever revisionist tricks a staging may pull, there is no escaping one central fact: *Giselle* is a vehicle for outstanding dancers. Without a ballerina—and, please Heaven, a decent premier danseur—it is uninhabitable, no matter how vivacious the pantomime in Act 1 or how much dry ice swirls round the wills (and NBT came up with a pas-sousper such as we have not known since the opening chapter of *Black Swan*). On Thursday night, Trinidad Seville and Patrick Armand as guests brought the staging into sharp focus: their best gifts of physique and imagination are excellently suited to it, and the old ballet lives.

Armand is a fine virtuoso, but he is even more interesting as a dance-actor able to probe the depths of a characterisation, witness the subtlety of his Frédéric in *L'Arlésienne*. His Albrecht is impetuous but always shadowed by guilt, and the onset of *Giselle's* madness finds him the incarnation of despair, vivid naturalism controlled by a sense of period manners. His dancing in Act 3 is powerful, driven by terror, although dim lighting made it seem as if he were hiding his technical light under a bushel.

Trinidad Seville is a meltingly touching *Giselle*. The lyric softness of her style—movement, curves, takes a pose and seems gently to hold its breath there—is everywhere credible and appealing as a portrait of the peasant and the ghost. The outburst of feeling in the mad-scene is searing, true; the dulcet placing of the will's dance speaks of compassionate grace. I found her reading, like Armand's, worthy of the best traditions of a ballet which, too often, seems inhabitable by nothing but good intentions. The credibility of any performers in the scenes of act four, though, is sabotaged by lighting better suited to an ice show. The tasteful savvies and acid greens, the spot-light immediately above *Giselle's* tomb, are of exquisite vulgarity.

Clement Crisp

Records

Opera at home

WITH THE first-ever Royal Opera production of Verdi's *Attila* coming up in the autumn, EMI have chosen well the moment to issue their new recording. Those who can afford over £200 for a pair of tickets can get to know the opera in advance. Anybody else can buy this new set of CDs and still have enough money for a complete set of Wagner's *Ring* cycle and two or three other operas left over. Such are the finances of opera-going these days.

A choice between the live performance and the recording starts to look a once-in-a-lifetime bet as soon as the first CD begins to whirr in the machine. Riccardo Muti's conductor of EMI's Verdi cycle in progress, leads an exciting production of what is an unduly neglected early work. *Attila* is a splendidly invigorating piece of Verdi blood-and-thunder, with a rich and uneven score that progresses in an ungainly waltz-like fashion: two steps forward to the maturity of the great operas, one step back to the naked energy of the early ones.

Anybody wanting to sample the opera at its most inspired might try the opening of the first act. The heroine, Odabella, is ruminating at night about the death of her father. Woodwind utter plaintive cries; strings rustle below. This eerie, atmospheric music is worthy of a far more famous operas and it is sensitively interpreted both by Muti and by Cheryl Studer, who displays a blend of passion and easy lyricism that marks her out as one of the most accomplished Verdi sopranos of recent years.

But then the set as a whole is well cast. Samuel Ramey makes a dark and incisive *Attila*, singing with a fine tension sag and Handel on period instruments usually has a sharper rhythmic outline. But the set is well worth acquiring for the singing of the two young Handelians in the title roles: the soprano Claron McFadden and the tenor John Mark Ainsley, both beautiful voices, warm and supple, making light work of Handel's taxing vocal writing. Michael George adds a characterful Polphemus. What a marvellous, unbroken string of memorable musical numbers *Actis* and *Galatea* unravels.

Finally an irresistible reissue, Massenet's *Esclarmonde*. This opera came a cropper at its only outing at Covent Garden, which was a shame, as Joan Sutherland and Richard Bonynge had already shown on this recording that they were well suited to be interpreters of the piece. But those who are attracted to Wagner but not have the time to wait two hours for the first climax, what better way to indulge oneself than to wallow in this pseudo-Wagnerian fantasy drenched in French sensuality? Utterly delicious!

Richard Fairman

A 'Tito' white hot with intensity

IT SEEMS almost incredible now that for a century and a half *La Clemenza di Tito* was regarded as Mozart's operatic failure. All those commentators who wrote that the score was too weak to work as a music drama should be invited to rise from their graves and buy a ticket for the next performance at the Queen Elizabeth Hall, where John Eliot Gardiner is conducting the opera in concert as part of his "Mozart Encounters".

The concerts are being recorded and will be available on disc for the Moonlight bicentenary year. The timing is admirably judged, as there is a need for a new look at the opera and Gardiner's *Tito* should prove to be the standard by which the opera is judged in the 1990s, in the same way that the recordings by Kertesz, Colin Davis and Böhm were in their respective decades.

For that reason, Mozart's opera seria will most likely suit him better than the comedies, with their half-lights and easy jocularity. From the first notes of the Overture this performance was thrillingly exact and clear (Gardiner demands orchestral precision). The music was kept at full pressure,

sure, leaving us in no doubt that this is a drama about individuals brought by circumstances to the limits of endurance.

The cast was well chosen, if not superior to those we have seen at Covent Garden and elsewhere. Anthony Rolfe Johnson, that rare find, a truly moving Tito who sings his music with such warmth and inner warmth that draws the meaning out of it.

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The Vitellia of Julia Varady astonishes me less now than in her recording with Böhm: a great vocal actress and no mean Mozartian, lavishing every possible tone colour on

Richard Fairman

Pick of the Week

CHRISTIE'S

